

# FINANCIAL TIMES

World Business Newspaper <http://www.ft.com>

THURSDAY DECEMBER 24 / FRIDAY DECEMBER 25 / SATURDAY DECEMBER 26 1998

**Man of the year: Alan Greenspan**  
Architect of America's economic renaissance  
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**Santa's workshop in Thuringia**  
Sonneberg rediscovers its finest toy-making traditions  
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**FT Weekend today**  
Including End Game, a mystery thriller; arts quiz; Christopher Reeve interview; prize crossword – and lots more...

## WORLD NEWS

### Greek Cypriots set to shelve plan for Russian missiles

The Greek Cypriot government seems likely to agree to shelve its plan to deploy new Russian missiles as defence against Turkish forces in the northern part of the divided island. Page 2

**Suharto to face charges**  
Indonesia's former president Suharto will be formally charged in a corruption case, attorney general Anind Ghalib said. The case involves a tax-exempt national car project headed by Mr Suharto's youngest son. Page 3

**US marshals Iraqi opposition**  
The US said it was intensifying its contacts with the "entire spectrum" of Iraqi opposition groups and aimed to organise a meeting for them early next year. Page 4

**Basque peace hopes rise**  
Spain's centre-right government released a former Socialist interior minister from prison in a move that could mean a step forward for the Basque peace process. Page 2

## Financial Times

The Financial Times will not be published tomorrow or Saturday. The next issue will be on Monday, December 28. We wish all our readers, advertisers and distributors a Merry Christmas.

**Radical group admits Iran murders**  
A radical group calling itself the "Fedayeen" Devotees of Pure Islam claimed responsibility for kidnapping and murdering prominent Iranian politicians and reformist writers. Page 4

**Hizbollah fires rockets into Israel**  
Hizbollah, Lebanon's Shia Islamist movement, fired rockets into northern Israel in retaliation for the killing of a mother and her six children by the Israeli air force. Page 4

**Interim government for Turkey**  
Yalim Ersoy, trade and industry minister in the outgoing Turkish administration, was appointed to form an interim government to end three weeks of political chaos. Page 2

**US reports strong growth**  
The US economy grew at a healthy 3.7 per cent annual rate during the third quarter of 1998 in spite of weaker exports, according to revised figures from the Commerce department. Page 4

**Cardoso to confront congress**  
Brazilian president Fernando Henrique Cardoso named 21 members of a new cabinet and said he would step up pressure on Brazil's unruly congress to pass emergency austerity measures. Page 4

**The Financial Times thanks the advertisers who have taken space in this issue in aid of charity**

## BUSINESS NEWS

### Volvo shares rise after rumours of link with Ford

Volvo shares rose sharply following renewed reports that the Swedish automotive group is considering a possible merger with, or takeover by, Ford of the US. Companies and Markets, Page 12

**Four European defence and aerospace companies** – General Electric of the UK, Lagardere of France, DaimlerChrysler Aerospace of Germany and Finmeccanica of Italy – have agreed to merge their satellite and space operations. International companies, Page 12

**Preussag, the German group**, has lifted its presence in the European tourism market by agreeing to buy control of Thomas Cook, the UK travel agency and financial services firm. Companies and Markets, Page 11

**Total, the French oil group**, has drafted in a second investment bank – Merrill Lynch of the US – to try to win shareholder support for its takeover of Belgium's Petrofina. International companies, Page 12

**Malaysia said it planned to ease** rules requiring foreign portfolio investments to remain in the country for a year. The rules, imposed in September, were designed to curb the flow of speculative funds. Asia-Pacific news, Page 3

**Shares in Lockheed Martin, the US** defence company, dropped nearly 10 per cent after it warned that its earnings in the fourth quarter and next year would fall short of expectations. Companies and Markets, Page 11

**ALD, a German car leasing** company controlled by Deutsche Bank, has launched an agreed takeover bid for BCI, valuing the UK vehicle management group at £39.6m (\$66m). UK companies, Page 10

**Infotel, the US global satellite** phone operator, has bought Calscom Communications from AT&T and Rogers Cable in a deal valued at \$65m. International companies, Page 12

**Powell Duffryn, the UK ports** and engineering group, has expanded its marine engineering business with the purchase of Kvaerner Ship Equipment for £24m (\$40m). UK companies, Page 10

**Laporte, the UK specialty chemicals** group, is to sell its European hygiene division for £31m (\$52m) to a management buy-out vehicle backed by 3i, the venture capital group. UK companies, Page 10

**Baro Prices**  
A comprehensive statistical guide to the euro currency zone, covering foreign exchange, bond and equity markets. Page 21

## Former Nato chief guilty of corruption

Claes given suspended jail sentence after bribery scandal

By Neil Buckley in Brussels

Willy Claes, former Nato secretary-general, has been given a three-year suspended prison sentence for corruption by Belgium's supreme court in the climax of the country's biggest political scandal this century.

Serge Dassault, head of Dassault Aviation and one of France's best-known industrialists, received a two-year suspended sentence for his part in making payments to the Belgian socialist party to secure a defence contract.

The rulings bring down the curtain on the so-called Agusta-Dassault scandal, which has hung over Belgium for four years.

The affair generated international shockwaves when Mr Claes was forced to resign as head of the western military alliance after being indicted by the Belgian parliament in October 1995.

Since September, Brussels' supreme court has been hearing charges that both Dassault and Agusta, the Italian helicopter group, won government defence

contracts in the late 1980s by paying bribes to Belgium's francophone and Dutch-speaking socialist party wings.

In the stock with Mr Claes – Belgian deputy prime minister and economics minister before his promotion to Nato – were 11 defendants, including another former vice-premier and two former ministers. Many Belgians saw the case as a judgment on the country's whole 1980s political culture.

The court ruled that Mr Claes, a senior Dutch-speaking socialist, must have known that BFR51m (\$147m) paid to party funds by Agusta shortly before it won a BFR12m (\$34m) contract to supply 45 army helicopters in 1988 was a bribe.

"It is not excluded that, before awarding the contract, [Mr Claes] gave his assent to the chief cabinet aide accepting the offer made by Agusta," said Marc Laheuse, the court's presiding judge.

Mr Claes was similarly found guilty of "passive corruption" in the Dassault case, where the French aviation group made payments to the francophone socialist party wing and won a

BFR6.4bn contract in 1988 to upgrade Belgium's fleet of F-16 fighters. He was also banned from holding public office for five years, effectively ending his political career.

The former Nato chief has always maintained his innocence and condemned yesterday's ruling as "unjust and unacceptable". He vowed to appeal to the European Court of Human Rights in Strasbourg.

No appeal is possible in Belgium, because the involvement of former ministers meant the case was heard by the country's highest court. Mr Dassault was found guilty of "active corruption" for arranging payments to the francophone socialists.

Two senior party members – Guy Coens, former Belgian defence minister, and Guy Spitaels, the former party leader – both received suspended sentences for channelling the money into party coffers.

Eight other former officials and lawyers of the two parties received suspended sentences of up to two years.

Belgium's favourite son, Page 2

## Rate cut brings Italy into line with other Emu nations

By James Blyth in Rome and Edward Lucas in London

The Bank of Italy last night cut its discount rate from 3.5 per cent to the prevailing 3 per cent rate in the euro-zone, bringing Italy into line with the 19 other countries entering economic and monetary union.

Sadder, Italian long-term interest rates fell below those of Germany for the first time, prompting the Italian government to claim it had passed milestones in its economic reforms.

Just over a week before the launch of the single European currency, the yield on the benchmark 10-year Italian government bond dipped below that of the equivalent German bond.

This marked the culmination of a three-year rally in Italian bond prices, spurred by the country's prospects of joining the first wave of economic and monetary union were seen to strengthen.

As recently as early 1997, Italian government bonds were trading at a spread of 200 basis points over German bonds – down from 500 basis points earlier in the decade. A basis point is one hundredth of a percentage point.

But in the past 18 months, the spread has steadily converged on Germany, amid confidence that Italy could meet most of the Maastricht criteria for monetary union.

Massimo D'Alema, Italy's prime minister, said: "This has never happened in history. It means that we are regarded by investors as more trustworthy than, or on a par at least with, Germany."

He said the event signalled the huge advance made by Italy in recent years, claiming it highlighted "the culture of stability that has become an important factor in Italy's revival".

However, analysts said the performance of Italian government

bonds had been also prompted by technical factors, including the imminent cut in Italy's short-term interest rates, which, as expected, was delivered last night.

Also, turnover in the bond markets is traditionally thin before Christmas, which means small flows can create exaggerated movements in prices. Third, many economists say that the European convergence process has overshoot and are predicting the Italian yield will widen again to a spread of 20 or 30 basis points over German bonds.

Any sell-off in Italian bonds is likely to be prompted by renewed worries about the country's high level of public debt, which, at nearly 120 per cent of gross domestic product, is almost double the level of Germany's.

However, analysts said the performance of Italian government

## UK ministers quit over loan scandal

By our UK staff

Two ministers in the UK government resigned yesterday over a housing loan scandal that threatened the pledge by Tony Blair, the prime minister, to run a "purer than pure" regime.

The departure of Peter Mandelson, the trade and industry minister, is a hard blow for Mr Blair. Mr Mandelson has long been a close friend and political adviser of the prime minister. He is credited with the leading role in moderating the Labour party's image, which helped make possible the party's election victory in May 1997.

Mr Blair said he accepted Mr Mandelson's decision "with great regret".

The scandal erupted suddenly on Monday when The Guardian newspaper revealed that Mr Mandelson had borrowed £273,000 on favourable terms from another minister and friend, Geoffrey Robinson, two years ago to help finance the purchase of a house in London's fashionable Notting Hill district.

Mr Robinson, a wealthy businessman as well as a junior treasury minister, also resigned yesterday.

Three months ago, Mr Mandelson's department opened an

investigation of possible conflicts of interest in Mr Robinson's business and political activities. Mr Mandelson isolated himself from the investigation but did not disclose the existence of the loan.

When the loan became known this week, he insisted he had broken no rules, but eventually gave in to the storm of criticism of his behaviour.

In his resignation letter to Mr Blair, Mr Mandelson wrote: "We came to power promising to uphold the highest possible standards in public life. We have not just to do so, but must be seen to do so."

Mr Robinson said it was no longer right that the government should have to contend with the attacks made against him.

While the loss of Mr Mandelson is a particularly bitter blow for Mr Blair, it poses no immediate threat to the government. It has a massive parliamentary majority and is still riding high in the opinion polls 18 months after sweeping to power. Stephen Byers, another treasury minister, was named the new trade and industry minister.

**Business reaction, Page 5**  
**Fall from grace, Page 8**  
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**Lex, Page 10**



Diagnosed: The former Nato secretary-general Willy Claes arriving at court in Brussels yesterday to face sentencing on corruption charges. Reuters

## Older mothers live longer, says study

By Victoria Griffith in Boston

Scientists have long known that women who have children later live longer. But they had to turn to the birth and death records of the British aristocracy to discount social class as a factor.

According to a study published today by the scientific journal Nature, women who do not have children until the age of 40 have a better chance of becoming centenarians than those who give birth in their teenage years.

The correlation had been discounted because of socio-economic distortions – wealthier women tend to delay child-bearing, and their longer age spans have been attributed to access to good health care. But the authors of the report limited their study to an analysis of the British aristocracy, who have kept records of births and deaths, dating back to the eighth century.

They found that the more children a woman had, the shorter her life-span. Women who began having children earlier tended to have more children, but delayed

child-birth appeared to influence longevity in its own right.

The effect on health of remaining childless is unclear. Although women without offspring have a lower incidence of heart disease and cervical cancer, they have an increased risk of breast cancer and respiratory disease.

The authors theorise that fertility has a more general effect: reproduction may divert bodily resources used to maintain and repair cells. The longer a woman has to concentrate on her own upkeep, the healthier she will be.

This pattern has been observed in fruit flies, and there may be a negative trade-off between reproductive efficiency and life-span. The findings agree with Darwin's theory of evolution, which argues that survival traits that become evident only later in life will not be favoured in natural selection.

While women who delay child-bearing may be encouraged by the study, those who do not need not despair. An accompanying Nature editorial points out that Queen Victoria gave birth to nine children and lived to be 81.



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WORLD MARKETS			
STOCK MARKET CHANGES			
New York: Dow Jones	11,270	(-113.20)	
New York: S&P 500	1,137.75	(-10.67)	
London: FTSE 100	2,137.85	(-15.25)	
Paris: CAC 40	2,872.42	(-15.25)	
Frankfurt: DAX	4,417.77	(-15.25)	
Madrid: IBEX 35	5,806.4	(-15.25)	
Amsterdam: AEX	1,014	(-10.67)	
Osaka: Nikkei 225	10,079.6	(-106.7)	
Tokyo: Nikkei 225	10,079.6	(-106.7)	
Hong Kong: Hang Seng	10,079.6	(-106.7)	
Shanghai: SSE	10,079.6	(-106.7)	
Beijing: SSE	10,079.6	(-106.7)	
Seoul: KOSPI	10,079.6	(-106.7)	
Manila: PSE	10,079.6	(-106.7)	
Bombay: BSE	10,079.6	(-106.7)	
Calcutta: BSE	10,079.6	(-106.7)	
Delhi: BSE	10,079.6	(-106.7)	
Chennai: BSE	10,079.6	(-106.7)	
Kolkata: BSE	10,079.6	(-106.7)	
Jaipur: BSE	10,079.6	(-106.7)	
Bhopal: BSE	10,079.6	(-106.7)	
Varanasi: BSE	10,079.6	(-106.7)	
Patna: BSE	10,079.6	(-106.7)	
Gurgaon: BSE	10,079.6	(-106.7)	
Gurgaon: BSE	10,079.6	(-106.7)	

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## Shame for Belgium's favourite son

By Neil Buckley in Brussels and David Owen in Paris

In a country which often finds itself the butt of jokes for its lack of famous sons, Willy Claes was one who made it on to the international stage.

His resignation from Nato in 1995 was not just, as he called it, "a tragedy for myself and my family", but an embarrassment for his country.

Mr Claes made his name in politics as a power-broker in the Socialist party of Dutch-speaking Flanders who rose to be Belgian economic affairs minister and deputy prime minister.

Despite having his Nato career cut short after 13 months, he ran the military

alliance at an important time, masterminding air strikes in Bosnia in summer 1995 and playing an important role in talks on enlargement to the east.

His resignation was accompanied by praise from world leaders, including US President Bill Clinton, who said Mr Claes had provided "great leadership" and would be missed at Nato's helm.

But the Belgian press criticised his remarks after his

resignation, when he lashed out at Belgium's system of parliamentary investigations for giving him insufficient time to prepare his defence.

He remained defiant in the face of the verdict from Belgium's highest court yesterday.

"The logic of the legal action which led to my resignation from Nato was that there had to be a conviction," he said. "It is profoundly unjust, and I don't accept it."

Yesterday also proved an embarrassing day for Dassault Aviation, the French aviation group, whose chief executive Serge Dassault was given a two-year suspended sentence for his part in making illegal payments to secure a defence contract.

The group makes the highly successful Falcon executive jet and the Mirage and next-generation Rafale fighters.

But it seems likely to have little impact on the rest of the 73-year-old's business

career - and he was not in the courtroom to hear the sentencing yesterday, tending instead to company business as shareholders ratified the transfer of the French state's 46 per cent stake in Dassault to Aerospatiale.

That move may mark the beginning of the end of a period of resistance by Dassault to government attempts to link the company to Aerospatiale, which holds the French interest in the Airbus consortium.

## Ocalan may quit Italy of his own free will

By James Ritz in Rome

The Italian government has published publicly for the first time that the most likely conclusion of the affair surrounding Abdullah Ocalan, leader of the Kurdish Workers party (PKK), is that he will leave Italy of his own free will.

Some seven weeks after Mr Ocalan first arrived in Rome, Massimo D'Alema, Italy's prime minister, said "the most probable outcome" would be that he "leaves this country".

At a press conference in the Italian capital, Mr D'Alema said no negotiations were at present taking place between his government and any other state over where Mr Ocalan might go.

However, he made clear that Italy could not bluntly expel the PKK leader, insisting that if he were to leave for another country, "he himself must express this wish".

Mr Ocalan's presence in Italy has been the cause of one of the thorniest diplomatic disputes in Europe this year.

Turkey is demanding the return of the PKK leader, who it believes is responsible for the deaths of some 30,000 people in a 14-year guerrilla war.

Italian government officials recently raised the possibility that Mr Ocalan could face trial in Italy on the basis of two arrest warrants issued up by the German government.

However, this outcome appears to have evaporated in recent days, amid strong objections from Turkey that this could turn into a trial of the Ankara government.

One of Mr Ocalan's two legal aides in Rome, Giuliano Pisapia, said a possibility was growing that Mr Ocalan could now take refuge in one of the former states of the Soviet Union.

"The problem is that he must receive guarantees from the country that he goes to that he will not be extradited to Turkey, or, even worse, run any risk to his personal security," Mr Pisapia said.

Mr D'Alema said that if his government tried to expel the Kurdish leader, he could appeal, and legal authorities would be sure to find in his favour.

"According to our regulations, an expulsion order can be appealed against."

"It would be very hard for a judge not to force the government to allow a person whose life is at risk to stay for humanitarian reasons," he added.

## GERMAN ENERGY SECTOR NUCLEAR ISSUE EXPOSES FUNDAMENTAL DIFFERENCES BETWEEN COALITION PARTNERS

### Warning on decommissioning talks

By Frederick Stüdemann in Bonn

Germany's energy industry yesterday warned Gerhard Schröder, the chancellor, that proposed talks over the Social Democrat/Green government's commitment to decommission nuclear reactors would be endangered if a coalition split on the issue was not resolved.

At a meeting in Munich, nuclear power operators seized upon the sacking on Tuesday by Jürgen Trittin, the Green environment minister, of the country's two atomic safety commissions, saying that such actions could destroy the trust needed for an agreement on

decommissioning. The industry leaders, who included the chairman of the big energy combines RWE, Bayernwerk and PreussenElektra, called on Mr Schröder to stop the "solo actions" of Mr Trittin and accused the environment minister of seeking punitive economic conditions for decommissioning.

"The minister has shown that, in cross opposition to existing law, he wants to undermine the operation of the nuclear reactors," they said in a statement.

The sacking of the commission members - viewed by the environment ministry as being too close to the nuclear industry - has sparked the most serious

row since Mr Schröder's "red-green" coalition government took office in October. The commissions, which are responsible for radiation monitoring and reactor safety, are likely to be replaced in January.

"It is to be feared that in place of the criteria of expertise which until now has decided membership [of the commissions] the appointment of out-and-out critics of nuclear energy will take place," the statement said.

In a television interview yesterday morning a chastened Mr Trittin sought to play down speculation that differences over nuclear policy could threaten the future of the government, the first

national coalition involving the Greens. He said there was "a high degree of unanimity" between himself and Mr Schröder on the issue.

But the row has exposed fundamental differences between the SPD and the Greens. Mr Schröder largely favours a drawn-out process of decommissioning and is concerned about possible job losses and claims for damages against the government. The Greens want a quicker exit.

Mr Trittin has enraged the nuclear industry with plans to alter the economics of the sector significantly by forcing operators to take out higher insurance cover and subject themselves to

stricter safety checks. He is also keen to make operators pay tax on reserves set aside for decommissioning.

Mr Schröder is reported to have had a heated telephone conversation with Mr Trittin in which he made clear that the chancellor would take a lead role in the decommissioning talks between government and industry, due to start next month.

The public clash between Mr Schröder and his environment minister has also revealed the limits of the chancellor's authority within a coalition. The coalition agreement gives the Greens responsibility for choosing, or replacing, the environment minister.

## US keeps barking its shins on the Milosevic problem

Growing frustration with the Yugoslav president is being reflected in ever more strident denunciation, writes Guy Dinmore

When President Slobodan Milosevic of Yugoslavia called off his offensive in Kosovo under the threat of Nato air strikes, hopes ran high of containing a conflict that was destabilising the Balkans and unleashing a fresh flood of refugees into western Europe.

But more than 80 people have been killed since his October 13 agreement with Richard Holbrooke, the US envoy. This month, clashes across the Serbian provinces threatened the return of full-scale war.

General Wesley Clark, Nato's supreme commander, signalled the government to a visit to Belgrade this week that the Activation Order empowering him to authorise air strikes was still in force.

Yesterday, Javier Solana, Nato secretary-general, urged the Yugoslav authorities and ethnic Albanian guerrillas to "cease all acts of intimidation, provocation and violence, and to take immediate steps to defuse the current tensions in Kosovo".

Mounting frustration with Mr Milosevic has been reflected in ever more strident denunciations by senior US officials of his decade-long grip on power.

Months of shuttling by Chris Hill, the US mediator, between Belgrade and the divided leaders of Kosovo's Albanian majority have produced little progress towards a lasting political settlement. Diplomats say talks have become bogged down over punctuation and nuances - symbolism rather than substance.

Harold Koh, the US envoy for democracy and human rights, said the aim of his recent visit to Belgrade was to impress on the government that a solution to the Kosovo crisis depended on a wholesale package of reforms.

The Kosovo Albanians could only then be expected to accept less than independence and remain in what is left of federal Yugoslavia: Serbia and the much smaller republic of Montenegro.

"It's clear that Milosevic is the problem. He's not just part of the problem," Mr Koh said.

"The US has very strongly signalled its conviction that it cannot expect profitable dealings with Milosevic unless three conditions obtain: some degree of respect for autonomy and self-government in Kosovo, full co-operation with the [UN war crimes] tribunal, and democracy in Serbia itself."

The US has also raised the stakes by threatening to impose further sanctions on Belgrade if it fails to hand over suspected war criminals for trial in The Hague. The prospect of a cosy retirement one day in a Greek villa no longer looks secure for Serbian leaders.

"They have to face the music," commented Mr Koh. "The justice issue is non-negotiable. You don't negotiate amnesty for war crimes." Officials within the Belgrade government have indicated privately that Mr Milosevic and his closest associates are ready to do a deal over Kosovo, but demand guarantees that their hold on power



A column of Kosovo Liberation Army recruits

will not be threatened.

"Milosevic still does not feel ready to agree to new concessions because he does not feel safe in the country," commented VFP, a Belgrade newsletter with sources close to the ruling Socialist party.

In an interview with two US publications this month, Mr Milosevic's most telling remarks were that Washington had not played "fair", by maintaining sanctions against Belgrade after he signed the Dayton peace accord that ended the Bosnian civil war three years ago.

"Milosevic felt betrayed after Dayton," said one US official close to the Dayton talks. "He will use Kosovo, and then maybe Montenegro, to get the deal he wants."

As the bargaining drags on, with Mr Holbrooke involved once more, analysts say the separatist Kosovo Liberation Army (KLA) is doing its bit to ensure the peace process breaks down and that Nato gets dragged into another Balkan conflict. Unarmed international monitors allowed into Kosovo under the Holbrooke-Milosevic deal blame the KLA for provoking most of

the recent bloodshed.

The nationalist rebel force has also prevented the weakened ethnic Albanian leadership from entering into serious talks on possible autonomy for the province.

According to Predrag Simic of Belgrade's institute for international relations: "Diplomacy has only a few weeks left."

Mr Simic said the conflict in Kosovo has already boosted the popularity of headline Serb nationalists in Bosnia and fuelled political chaos in Albania. It has also exacerbated the power struggle between Belgrade and Montenegro's pro-western government and threatens to destabilise Macedonia which has a large ethnic Albanian minority.

The US strategy for dealing with the crisis is still far from clear. Timothy Garton-Ash, the British historian, believes Washington's hopes lie in a "political fudge" that would contain the crisis, such as a West Bank-style solution.

"The US is more critical of Milosevic," he commented. "But it doesn't add up to a policy change, because they don't have a policy to remove him, as with Saddam Hussein in Iraq."

## Release raises Basque peace hopes

By Tom Burns in Madrid

Spain's centre-right government yesterday released a former Socialist interior minister from prison, in a move that could mean a step forward for the Basque peace process.

José Barriónuevo, former interior minister, and Rafael Vera, who had served as his deputy, were convicted in July in connection with a "dirty war" waged against Eta, the outlawed separatist organisation. The two men became eligible for immediate parole after the government upheld recommendations by the supreme court that their original 10-year terms be cut by two-thirds.

A further eight officials, including the former head of Spain's anti-terrorist unit, who received shorter sentences for their part in a 1983 kidnapping of a suspected Eta member, were also freed. The partial pardon was

## Socialists will now press for pardon for ex-minister

welcomed by the opposition Socialist party, which had stepped up a campaign to have Mr Barriónuevo and Mr Vera released before Christmas and will now press for their total pardon in a petition to the constitutional court. The parole order, which was implemented with exceptional speed by the normally slow-moving judicial system, is now expected to cement a bipartisan approach to the peace process by Spain's two main parties.

José María Aznar, prime minister, has outlined a step-by-step schedule for consolidating an end to the 30-year Basque conflict. The release of Mr Barriónuevo and his colleagues is likely to allow the prime minister room to manoeuvre in the issue of imprisoned terrorists - a chief element in the peace process. The development, which came the day after Eta issued a statement saying it would continue its three-month ceasefire, prompted immediate calls from Basque nationalists for the application of similar remissions to jailed members of Eta and of its political wing, Herri Batasuna.

In a conciliatory gesture, which Basque nationalists have termed insufficient, the government yesterday transferred 11 Eta members to prisons in mainland Spain. The prisoners had been serving sentences in the Canary Islands, the Balearics and in Spain's north African enclave of Ceuta.

## NEWS DIGEST

### TURKISH POLITICAL CRISIS

#### Erez appointed to form interim government

Yalim Erez, the trade and industry minister in the outgoing Turkish administration, was appointed to form an interim government yesterday and said he would work to end three weeks of political chaos.

Mr Erez, who serves as an independent MP, said he would talk to all parties in the fractured parliament, including the main opposition Islamist, to build a wide consensus behind a government to take the country to elections scheduled for April next year.

"Turkey needs stability now more than ever... Stability is built on consensus and dialogue," he said after meeting President Süleyman Demirel. "The president has placed his trust in me and I shall not waste the trust," he said. Mr Erez is the second politician to attempt to build a coalition after corruption charges toppled a conservative-led government last month.

Bülent Ecevit, a veteran leftist leader, gave up earlier this week after failing to secure sufficient backing from rival conservative groups. Reuters, Ankara

### JAILING OF DISSIDENTS

#### EU protests to China

The European Union has made a joint protest to China over the jailing this week of three pro-democracy activists, Britain's Foreign Office said yesterday.

It said the British, German and Austrian ambassadors in Beijing, acting on behalf of the EU, had called on the Chinese authorities to release Xu Wenli, Wang Youcai and Qiu Yongxin immediately.

The protest follows similar action by the US, Canada and Norway. The United Nations high commissioner for human rights, Mary Robinson, said on Tuesday she would continue to press for personal freedoms and the right to a fair trial in China.

Mr Xu and Mr Wang were sentenced on Monday to 13 and 11 years respectively for leading a banned opposition party and Mr Qiu received a 12-year sentence on Tuesday for "subverting state power". Reuters, London

### HELICOPTER CRASH

#### UK soldiers killed in Bosnia

Two British soldiers were killed and a third seriously injured when their army helicopter crashed during a routine operation in central Bosnia, the Nato-led peacekeeping force said yesterday.

The Lynx helicopter crashed on Tuesday afternoon shortly after take-off from a British base in the town of Gornji Vakuf, said a spokesman from Stabilisation Force (Sfor).

"The incident is now subject to a formal military investigation and no comment as to the cause of the tragedy can be made until this is completed," said Sfor.

Last October, three Czech crew members were killed when their military helicopter crashed in south-west Bosnia. Reuters, Sarajevo

### FRENCH NATIONAL FRONT

#### Le Pen expels ex-deputy

Jean-Marie Le Pen, the far-right French politician, expelled his former deputy, Bruno Mégret, from the National Front party yesterday but Mr Mégret's backers said they were heading for a majority in the party and would take over next month.

Mr Mégret and six others were formally expelled by the party executive bureau, reduced by suspensions to fewer than a dozen Le Pen loyalists. The rebels refused to attend the hearing, dubbing it a "Moscow-style show trial". Bruno Gollnisch, National Front secretary-general and a Le Pen backer, told reporters the expulsion was "painful but fair".

The six expelled with Mr Mégret, all senior party officials, were Serge Martinez, Jean-Yves Le Gallou, Philippe Olivier, Franck Timmermans, Pierre Vial and Daniel Simonpietri.

Mr Martinez told a news conference the expulsions were "null, void and ridiculous". Reuters, Paris

### FRENCH-GERMAN HELICOPTER DEAL

#### Tiger order 'on time'

France and Germany look set to go ahead punctually with the signing of an order for 160 Tiger combat helicopters worth over FF20bn (\$3.8bn). The French defence ministry has said the production contract for the Tiger would be "signed in line with the agreed timetable and, if possible, in January 1999". Its comments came a day after Alain Richard, defence minister, indicated the signing had been postponed for at least six months. David Owen, Paris

### CIGARETTE SMUGGLING

#### RJR arm must pay \$15m

A subsidiary of R.J. Reynolds International, the US tobacco group, has been ordered by a US court to pay US\$15m in fines after pleading guilty to aiding and abetting smugglers who redirected exported Canadian cigarettes back into Canada.

Anti-smoking activists have long charged that cigarette producers were involved in large-scale smuggling operations designed to evade high Canadian tobacco taxes, but the guilty plea marks the first time the industry has been formally linked to the smugglers.

In court documents, Northern Brands International, the RJR subsidiary, admitted it had conspired to illegally import Canadian cigarettes, supposedly destined for Estonia, into the US. Those cigarettes were then redirected back into Canada through a native Indian reservation.

Cigarette smuggling became a C\$5bn (US\$3.3bn) a year business in the early 1990s after Ottawa sharply increased tobacco taxes in an attempt to snuff out smoking. Scott Morrison, Toronto

### MEXICAN ECONOMY

#### Trade deficit grows to \$825m

Mexico's trade deficit widened to \$825m in November, its highest monthly level since the 1994 peso crisis, according to preliminary figures from the finance ministry. The unexpected high deficit was chiefly fuelled by a 48 per cent global energy price fall. But imports were also boosted by pre-Christmas spending.

The import bill was \$11.06bn in November, against exports of \$10.23bn. In the first 11 months of the year, the ministry said, imports grew an average 14.9 per cent, compared with a rise in exports of 6.6 per cent. Henry Tricks, Mexico City

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ASIA-PACIFIC

SHARE PRICES FALL ISSUE OF WHETHER THE TERRITORY MOVES IN POLITICS-LED OR ECONOMY-LED DIRECTION HAS POLARISED OPINION

# Tung backs business view of Hong Kong

By Louise Lucas in Hong Kong

Tung Chee-hwa, Hong Kong's chief executive, yesterday gave his backing to the creation of a business-friendly environment in the territory after complaints by a prominent tycoon that the political environment was unsuitable to commerce.

"A good environment, conducive to business and investment, is very important to Hong Kong. That's the way to ensure the recovery of our economy and to create more jobs for our people," he said.

While he did not directly back the political concerns expressed by Li Ka-shing, a property tycoon, on Tuesday, Mr Tung, himself a former businessman, said he respected him and would not dispute that a stable political environment was good for business and the economy.

Mr Tung's words are unlikely to soothe pro-

democracy politicians and others surprised by Mr Li's declaration that he had rejected proposals for a HK\$10bn (US\$1.5bn) investment over concerns for the territory's political climate.

Mr Li's comments had an immediate impact on Hong Kong shares yesterday, pushing prices lower in thin pre-holiday trading. Analysts said the effective vote of no confidence in Hong Kong by a former supporter had sapped sentiment and driven

the benchmark Hang Seng Index 1.59 per cent lower.

The issue is one which is polarising Hong Kong. Some business leaders believe that Hong Kong is turning into a politics-led city rather than an economy-led one, and see politics as an obstacle to the smooth course of commerce.

Their ideal would be a return to the early colonial days, when business and government enjoyed a relationship uninterrupted by the rigours of a partially-elected Legislative Council, or parliament.

Recession has deepened the divide as politicians champion livelihood issues and push for greater government help on areas such as unemployment and welfare - help seen in some quarters of the community as sapping Hong Kong of the *laissez-faire* style of government that is one of its defining features.

The opposite camp, which numbers pro-democracy politicians among others, claims that Hong Kong is rife with cartels, in property, banking and supermarkets, and that business has long enjoyed the ear of the administration.

This, they believe, was most recently demonstrated by the move to freeze government land sales, which will help inflate the prices of existing developments when demand returns.

# Malaysia to ease curbs on investment

By T.J. Tan in Kuala Lumpur

Malaysia yesterday said it planned to ease rules requiring foreign portfolio investments to remain in the country for a year, imposed in September as part of a raft of capital controls.

The controls, designed to curb the flow of speculative funds, provoked a storm of protest from international investors.

According to the National Economic Action Council (NEAC), Malaysia may replace the restrictions with an exit tax on the withdrawal of funds or introduce a system of "most favoured investors" which would allow investors judged to have a long-term interest in the country more freedom to move money in and out.

Of the two options, the exit tax proposal is thought to be easier to implement. The NEAC is charged with reviving the economy and is headed by Daim Zaiduddin, the special functions minister, who has been in talks with fund managers.

Private sector economists said the move was designed to regain investor confidence and ease the burden on the financial system should there be substantial outflows of funds when the one-year moratorium on the repatriation of foreign portfolio investment is lifted in September next year.

Some US\$5bn could leave the country if the Malaysian and other regional economies do not improve markedly by then. This is equivalent to one-third of the funds foreigners are thought to have invested in companies listed on the Kuala Lumpur Stock Exchange.

Meanwhile, the authorities allowed some foreign investors to sidestep restrictions on currency movements. Bank Negara, Malaysia's central bank, said it had allowed British construction group Blue Circle Industries to buy ringgit from foreign portfolio investors seeking to repatriate capital. Blue Circle is investing in the Malaysian cement industry.

# Suharto to face tax charges

By Sholeh Kaga in Jakarta

Indonesia's former president, Suharto will be formally charged in a corruption case involving a tax-exempt national car project headed by his youngest son.

Since his fall from power, Mr Suharto and his two sons have been questioned by the attorney general's office on several occasions but no formal charges have yet been brought against them.

The attorney general, Andi Ghalib, told reporters yesterday that Mr Suharto was implicated in tax evasion

involving his youngest son, Hutomo Mandala Putra, widely known as Tommy, and the national car project company, PT Timor Putra Nasional. The attorney general gave no further details.

The investigations all lead to corruption. The country is suffering losses because of the tax problem resulting from the car project," said Mr Ghalib. He added that investigations stemmed from interviews conducted with Mr Suharto in November.

The former president also faces separate investigations

into a multi-billion dollar fortune he is alleged to have amassed during his 32 years in power. He has, however, denied having any money in foreign accounts.

Investigations have revealed that Mr Suharto and his family own millions of acres of forest concessions in Sumatra, Kalimantan and Sulawesi. His four children run sprawling business empires with interests in almost every sector of the economy. In many instances they were granted monopolies by presidential decrees. Public demands for an official investigation into allegations of corruption during Mr Suharto's rule have been intensifying over the past three months. Students from across Java have called for Mr Suharto to be investigated but President B.J. Habibie and his government have, until now, been slow to move against him.

There is no guarantee that Mr Suharto will be tried in a court of law. Under Indonesia's criminal law system the public prosecutor has the power to stop investigations at any time if there is insufficient evidence.



Pakistan: It's like we've shocked everybody

# Pakistan Christian group turns to Taliban methods

Farhan Bokhari finds that a small group is imitating Afghanistan's Moslem extremists

Afghanistan's Taliban Islamic militia have found admirers in unexpected quarters. A small movement of Pakistan's minority Christian community, calling itself the "Christian Taliban", hopes formally to launch itself next month, once Christmas and New Year celebrations are over.

The nascent movement dwells on the fringes of the Christian community - which constitutes less than 4 per cent of the population of 138m. But it is a source of increasing concern for those worried by rising fundamentalism in a predominantly Islamic country.

The movement promises to bring significant changes to the lives of its poorest members, tackling drug abuse and alcoholism as the first big challenge, its leaders say.

There is little regret over a symbolic association with Afghanistan's Moslem Taliban, notorious for its draconian justice system. Amputating limbs as a punishment for theft - even when motivated by extreme hunger in the harsh winter months - is one of the chief policies of the Afghan Taliban.

Afghan women have found themselves confined to the home, forced to wear the burqa - a long veil from head to toe with no opening except for a set of tiny holes around the face - and girls have been stopped from going to school in many areas.

But Pakistan's Christian Taliban show little concern about Moslem Taliban's reputation. "Even the foreign press is now taking an interest in us," says Javed Piyara, the movement's leader. "There are some 200 Christian organisations already working here for welfare activities, but none attracted so much attention. It's like we've shocked everybody."

The movement is still small, however, by the admission of its leaders. The best count of membership is no more than 500.

But Stephen Samuel, a homeopathic doctor and co-leader of the Christian Taliban, hopes to see numbers grow fast. "The problems that we have identified, such as heroin and cannabis addiction, and alcoholism, are so common among our people, that many would come to join."

The Christmas season can be a time for some of the poorest Christians to make money on the back of alco-

hol sales. Pakistan's tough laws forbid the sale of alcohol to Moslems, but Christians and other non-Moslems are allowed to buy drink from government-controlled liquor stores. Allowances usually increase in December in recognition of the festive season, and some of that alcohol eventually finds its way to the local black market, selling at up to three times the original price.

Mainstream Christian leaders consider the new movement provocative and fear it could break their ties with the country's liberals, who have been supportive of minority rights. Earlier this month, Christian community leaders walked alongside Moslem activists across Pakistan's main cities, marking the international human rights day and demanding equal rights and opportunities for all.

"If a Christian was to go to Afghanistan, their life would be very insecure. I don't know why this movement has come up," said Rev Nadem Sadiq, an Anglican priest at St John's cathedral in Peshawar. "There has been injustice towards Christians in Pakistan, but there are many good people too. They would be clearly annoyed."

Mr Sadiq says that unlike the Moslem Taliban with its tough methods, the Christian movement, a fringe force in a fringe community, would be in no position to dictate terms. The Christian Taliban leaders shy away from questions over the extent to which force could be used to achieve results, promising only to do "everything possible" to reform Christians.

Some analysts view the movement as another symptom of growing intolerance. Nawaz Sharif, the prime minister, last month stunned many when he announced plans to introduce Islamic Shariah laws inspired by the Taliban's justice system.

"Today in Afghanistan, crimes have virtually come to naught. I have heard that one can safely drive a vehicle full of gold at midnight without fear," he told a public meeting, according to a local newspaper.

According to Ghazi Salahuddin, a leading political commentator, the Christian Taliban are another reaction to a breakdown of government and a cumbersome judicial system, in which cases can drag on for several years.

"People are looking for drastic solutions through a fundamentalist approach, because existing structures of government are breaking down. The main issue is the worsening quality of governance," he says.



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## INTERNATIONAL

CONTAINING SADDAM WHITE HOUSE TO ORGANISE MEETING OF OPPOSITION GROUPS AND OFFER 'PRACTICAL AND EFFECTIVE' HELP TO TOPPLE REGIME

## US to marshal Iraqi opposition groups

By Stephen Fidler in Washington and Michael Littlejohns at the United Nations

The US is intensifying its contacts with the "entire spectrum" of Iraqi opposition groups and aims to organise a meeting for them early next year, Sandy Berger, President Bill Clinton's national security adviser, said yesterday.

But he made it clear that the US was not expecting quick results for the policy of strengthening the opposition to Saddam Hussein, the Iraqi leader, announced by

Mr Clinton in mid-November.

Speaking at the National Press Club about future US strategy to Iraq, Mr Berger said the US opposed easing sanctions on Iraq until there had been full compliance with UN weapons inspectors.

But he acknowledged the policy to "contain" Saddam Hussein was difficult to sustain over the long term. "It is... a costly policy in economic and strategic terms, and even a contained Iraq is harmful to the region," he said.

He said US efforts to help

the Iraqi opposition would be done "in a practical and effective way, step by step. If we are serious, we must do this carefully, not recklessly. We will not play recklessly with the lives of those who may risk their life to oppose Saddam. And we must not imply commitments before we are clear about their risks and costs and likely benefits."

Mr Berger added: "When the time is right and the opposition is ready, we will decide what kind of additional support it will need to overcome Saddam's apparatus of violence and terror. We will not overreach, but we are willing to use whatever means are appropriate to advance our interests as long as the means are effective."

The US would also stand ready to help a new government in Iraq "that respects the rights of its people and meets its obligations to the world". It would work to ease economic sanctions and to relieve Iraq's massive debts.

He said senior members of the Clinton administration would be likely to meet representatives of opposition groups at the meeting next year, which could be in Washington. "I think one of the things that we need to try to do is marshal all of the opposition groups and get them to work in some concert," he said.

He said that the groups that the US intended to help under the Iraq Liberation Act, which provides some \$100m of support, would be identified by mid-January, as the law required.

Mr Berger said the US was ready to provide more food aid under the oil-for-food programme if it were considered necessary.

In Baghdad, Reuters reported that the Iraqi government had banned flights by UN personnel, including UN secretary general Kofi Annan's personal representative Prakash Shah, until further notice. No reason was given for the ban.

In Paris, Hubert Vedrine, the French foreign minister, responded to criticism by former defence and foreign ministers for taking the soft line against the US-British air strikes against Iraq.

He was quoted in the Liberation newspaper as saying: "One cannot say their action was devoid of a legal basis... The countries of the Arabian peninsula think the French position is too obliging towards Iraq and, according to the Anglo-American position we already know, see mercantile motives behind it."

Meanwhile, the Russian ambassador to the US, Yuli Vorontsov, recalled last week over the strikes against Iraq, flew back to Washington yesterday, the foreign ministry said in Moscow.

continued economic growth was a 4.1 per cent increase in personal consumer spending. However, the department said a \$55.7bn increase in business inventories had added 0.89 percentage points to the third quarter figure, accounting for nearly all the extra growth.

Excluding the transportation sector, new durable goods orders increased by 1.2 per cent in November and

overall orders were 3.4 per cent higher than the same period a year ago.

Primary metals saw the sharpest increase as orders rose by 9.9 per cent, the first monthly increase since August.

Industrial machinery rose 1.2 per cent while order for electronic components and other electrical equipment fell 1.8 per cent following a 1.5 per cent rise in October.



Berger: 'no commitments until we are clear about the risks'

## Cardoso takes tough line with unruly Congress

By John Barham in São Paulo

President Fernando Henrique Cardoso yesterday said he would step up pressure on Brazil's unruly Congress to pass emergency austerity measures as he announced the 21 members of a new cabinet.

He said the new ministers chosen from the five parties that support the government in Congress, would be "responsible for results" in Congress. He added: "The president will spend more time on affairs of state and ministers will deal with congressional leaders. My mandate is to transform the country, not to convince people of the obvious."

Mr Cardoso, re-elected in October with a large majority, said he would dismiss ministers who failed to secure support from fellow party members in Congress. The new cabinet will be sworn in on January 1 when Mr Cardoso begins his second four-year term.

He kept Pedro Malan as finance minister and architect of Brazil's tough economic policies. The government must reduce its budget deficit of 8 per cent of GDP next year to qualify for \$11.5bn in loans under a rescue programme led by the International Monetary Fund to prevent a damaging devaluation of Brazil's currency, the real.

Although Mr Cardoso's awkward coalition has a large majority in Congress, he cannot count on full support for unpopular measures including raising taxes and cutting public spending as the country sinks into recession. Earlier this month, Mr Cardoso suffered an embarrassing defeat when pro-government members helped vote down a proposal to limit public sector pensions.

The conservative PFL has

the most cabinet seats, with five ministries that include the sensitive social security ministry. Mr Cardoso's social democratic PSDB has only four ministers, although most of the six ministers with no party affiliation are close to him and include most of the key posts.

He said Brazil would only return to growth once Congress approved austerity measures stabilising the economy, allowing the central bank to cut interest rates of 36 per cent per year. Brazilian industrialists and trade unions as well as the opposition are demanding pro-growth policies and attacking Mr Cardoso for interest rates that are as high as 90 per cent a year for many companies. To ward

**Cardoso cannot rely on Congress to back unpopular measures**

off these pressures, Mr Cardoso appointed Celso Lafer, a trade diplomat and former foreign minister, to head a powerful new development, industry and trade ministry to support industry without compromising the government's economic liberalisation programme.

The president also announced the creation of a ministry of budget management to impose greater discipline and transparency over public accounts. Paulo Paiva, currently planning minister, will head the new department. Mr Cardoso also set up a new defence ministry to co-ordinate policy previously handled by four separate departments headed by military officers.

## US reports strong third-quarter growth

By Mark Suzman in Washington

The US economy grew at a healthy 3.7 per cent annual rate during the third quarter of 1998 in spite of weaker exports, according to revised figures from the Commerce department.

The figure is a slight downward revision from the 3.9 per cent estimate the department announced last month, but continues to provide strong evidence of the US economy's resilience in spite of weaker growth in Asia and other areas. In the second quarter, US GDP rose 1.8 per cent.

Further indication of the US economy's underlying vigour came as the department also announced that orders for durable goods rose by 1 per cent in November compared with the previous month, reversing a decline of

2.1 per cent recorded in October. The increase was slightly above market expectations of a 0.5 per cent rise.

Economists said both figures reinforced the decision this week by the Federal Reserve to leave interest rates unchanged following three consecutive rate cuts.

The main reason for the slightly lower growth figures

was a \$3bn upward revision to imports and a \$2.1bn downward revision to exports, reflecting reduced demand for US goods in Asia and elsewhere.

As a result, real exports declined 2.3 per cent in the quarter, following a 7.7 per cent drop in the second quarter. Imports rose 2.3 per cent compared to 9.3 per cent previously.

The chief ingredient in

continued economic growth was a 4.1 per cent increase in personal consumer spending. However, the department said a \$55.7bn increase in business inventories had added 0.89 percentage points to the third quarter figure, accounting for nearly all the extra growth.

Excluding the transportation sector, new durable goods orders increased by 1.2 per cent in November and

overall orders were 3.4 per cent higher than the same period a year ago.

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Industrial machinery rose 1.2 per cent while order for electronic components and other electrical equipment fell 1.8 per cent following a 1.5 per cent rise in October.



Former Mohammed Othman, injured in the Israeli missile attack, embraces Alia, the only one of his seven children to survive. His wife also died.

## Hizbollah attacks Israel after killing

By Judy Dempsey in Jerusalem

pected guerrilla targets in south Lebanon. A total of 28 Lebanese civilians have been killed in fighting this year between Israel and guerrilla groups.

President Ezer Weizman, who visited the residents of Kiryat Shmona, a town on Israel's northern tip, said the attack was "a mistake, no doubt. These things happen to my deep regret." Yitzhak Mordechai, defence minister, sent a message to Syria and Lebanon, saying Israel did not want to escalate tension.

But Yossi Beilin, senior member of the opposition Labour party, yesterday said the cycle of violence showed just why Israel had to withdraw from "a security zone which isn't ours".

Mr Beilin is spearheading a movement for a unilateral Israeli withdrawal from southern Lebanon, without any conditions. Benjamin Netanyahu, prime minister, has insisted that Lebanon first provide security guarantees to Israel before any such withdrawal takes place.

The rocket attack overshadowed the continuing political infighting in the Likud party, with senior

members trying to organise a united front to challenge Mr Netanyahu for the premiership.

The date for early elections is expected to be announced in the next few days, during which Amnon Lipkin-Shahak, the former chief of staff who yesterday officially left the army, is likely to announce his candidacy to run against Mr Netanyahu from a new centre party.

Mr Lipkin-Shahak was a senior military negotiator during the interim Oslo peace accords with the Palestinian Authority.

Mr Arafat yesterday lifted the house arrest of Sheikh Ahmed Yassin, spiritual head of Hamas, the Palestinian Islamic movement that opposes the peace accords with Israel and carried out several suicide bomb attacks in Israel. Sheikh Yassin, almost blind and confined to a wheelchair, had been under house arrest since the end of October after Israel demanded Mr Arafat crack down on the Hamas movement.

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## Move to censure Clinton opposed by DeLay

By Mark Suzman in Washington

Republican leaders in the US House of Representatives yesterday sought to check the growing momentum in the Senate for a censure resolution condemning President Bill Clinton's behaviour in the Monica Lewinsky affair rather than a full trial following his impeachment.

Tom DeLay, the majority whip who is regarded as the chief architect of the House decision to approve two articles of impeachment against Mr Clinton, urged senators to conduct a trial before reaching any decision and predicted that the president's conviction was still a real possibility.

There are reasons of evidence that have not been publicly aired and are only available to members," he said.

Mr DeLay's comments came after informal vote counts by both parties over the past few days indicated little likelihood that the required two-thirds of the 100-member senior body of Congress would vote to remove Mr Clinton from office.

In a further sign of the shifting political tide, at least five moderate Republican House members who voted to impeach Mr Clinton now say they favour censure as the most appropriate punishment for his attempts to cover up his affair with Ms Lewinsky.

Meanwhile, the White House sought to give the impression of business as usual as aides backed away from an aggressive condemnation of the impeachment vote and Mr Clinton unveiled a new \$1.25bn plan to help homeless people.

The change in strategy follows a warning earlier this week by Robert Byrd, a Democratic senator who is regarded as the Senate's elder statesman, that the White House should not attempt directly to influence the body's deliberations over terms of a possible censure resolution.

Joe Lockhart, the White House spokesman, has said the president is open to any "reasonable deal" on censure, but most of the proposals mooted would require him to admit having lied under oath. So far, Mr Clinton has insisted that he would not agree to such a resolution because he does not believe he committed perjury.

But while most senators still agree that a trial of Mr Clinton on the impeachment articles would at least have to begin before any compromise deal was agreed, there now appears to be consensus on the need to make matters as brief as possible.

Tom Daschle, Senate minority leader, said he was optimistic that both parties could agree on a schedule that would allow an "expedient" consideration of the impeachment matter when Congress re-opens in the New Year.

## Iran's political murders widen the gulf between reformist moderates and Islamic hardliners

Robin Allen explains how the killings of prominent politicians and writers is destabilising a deeply divided nation

A radical group calling itself the "Fedayeen" Devotees of Pure Islam has claimed responsibility for the recent kidnapping and murders of prominent Iranian politicians and reformist writers.

Last month Darius Forouhar, a former government minister and well known secular nationalist, and his wife, were found murdered in their Tehran home. Subsequently three writers who advocated freedom of expression under the Islamic regime, were kidnapped and later found dead. Two were confirmed murdered and the third is said to have died of a heart attack.

According to western diplomats in Tehran, the DPI has been disavowed by the official "Families of revolutionary Martyrs" and is widely thought to be a cover for other militant factions.

However the killings, and the government's failure so far to find those responsible despite arresting five "suspects", are polarising divisions between reformist and conservative Iranian, and undermining attempts by President Mohammad Khatami to introduce social and economic reforms.

Conservative and hard-line opponents of Mr Khatami's reformist policies have blamed "foreign networks", including the militant Iranian-based opposition group, Mujahideen-e-Khalq, for the killings. Iran's spiritual leader Ayatollah Ali Khamenei blamed the US and "world arrogance".

According to diplomats however, the recent killings could well have been the work of rogue extremist elements of conservative factions, including activists among the Islamic Revolutionary Guards Corps, who, although nominally under Mr Khamenei's control, benefit from considerable autonomy including their own sources of income and access to foreign exchange and frequently act without referring to him.

The real fear of the hardliners, according to businessmen and senior diplomats, is that their control of the constitutional levers of power will be eroded by the social and economic reforms advocated by President Khatami.

So they have used the recent murders to step up their campaign to try to silence voices, including publications which support

Mr Khatami, and to discredit the president. Reformists have accused conservative opponents of Mr Khatami, notably the hardline intelligence minister, of responsibility for the murders.

The clerical and secular conservatives cannot hope to match the nationwide support enjoyed by President Khatami, elected last year with more than 70 per cent of the vote on a 90 per cent turnout.

However, Iran's 1981 Islamic constitution gives Mr Khatami, rather than President Khatami, control of the judiciary and the state media as well as the intelligence and security forces. Mr Khatami is also the ultimate arbiter of foreign policy.

Tension between reformists and hardliners is likely to increase, according to Iranian observers, if the appeal court this week confirms the sentence on Gholamhossein Karbaschi, the popular former mayor of Tehran. Mr Karbaschi was sentenced last summer to five years in jail and 60 lashes for corruption, in a case widely condemned as being a political trial rigged by the hardline judiciary.

According to Bijan Khatami, editor of the monthly Iran Focus, opponents of Mr Khatami "have used the special authority granted to revolutionary courts when the country's 'security and general interests' are supposedly threatened," to silence reformists, notably by closing down moderate publications.

According to deputy culture minister Ahmad Borghani, a close ally of Mr Khatami, Iran's newspapers faced a mounting threat with 250 lawsuits filed in the last year and 52 publications temporarily banned or permanently shut down.

Allegations against them varied from "publishing lies" and "disturbing public opinion", as well as promoting groups opposed to the hardliners.

The daily Zan (Woman), one of the more outspoken of these publications whose publisher is Faezeh Hashemi, daughter of the former president Hashemi Rafsanjani who is still a key politi-

cal figure, was banned this month for two weeks for suggesting there was a link between police and gangs of hardline militants who had attacked reformist government officials.

At the same time Mr Khatami's supporters, including writers and students, are becoming progressively more impatient with the slow pace of social and political reforms, and his inability, against hostility from clerical hardliners and a conservative parliament, to bring about a "civil society" as well create jobs and improve the economy.

On the economic front, Mr Khatami's difficulties have been increased by falling oil revenues, which make up 75 per cent of government income.

His popularity among his own supporters will be further tested when proposals to increase the price of petrol are implemented.

These are due to rise by 25 per cent before the next budget due on March 31.

At this price, petrol will still only cost one third of what it costs the government to get fuel from the ground to the petrol pump, but to cut state subsidies further, given the political tension, would radicalise sentiment not only between hardliners and reformists, but would also risk splitting his own supporters.

Financial Times Surveys

## Wales

Thursday March 4

For further information please contact:

Amanda Richards  
Tel: +44 1446 771219  
Fax: +44 870 0554851  
email: amanda@wales5.demon.co.uk

or Haj Haffeejee in London  
Tel: +44 171 873 4281  
Fax: +44 171 873 4862  
email: haj.haffeejee@FT.com

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## BRITAIN

# Relatives of victims rage at parole for N Ireland killers

By John Murray Brown  
in Dublin

The daughter of a couple killed by the Irish Republican Army chained herself to the gate at the top security prison in Northern Ireland in protest at the release on Christmas parole of Sean Kelly.

Mr Kelly, who left by a side entrance to avoid a confrontation, is serving a life sentence for killing George and Gillian Williamson and eight other people, one an accomplice, who died in a 1993 bomb attack on a fishmongers' shop in the Shankill Road in Belfast. "He is an even bigger murdering cow-

ard than I thought," said Ms Williamson.

Ms Williamson, chief minister for Northern Ireland in the UK government, defended the Christmas parole scheme which she insisted was little different from previous years. However, yesterday's protests point to the increasing anger over the early releases agreed in the April peace agreement - under which more than 200 prisoners in Northern Ireland and 18 in the Republic of Ireland have been freed. Almost 400 paramilitary prisoners are set for release on licence in an attempt to entrench the IRA and loyalist ceasefires.

Also paroled were Michael Stone, the killer of two Roman Catholic mourners at an IRA members' funeral in 1990, and Johnny "Mad Dog" Adams, a former leader of the anti-republican Ulster Freedom Fighters.

There was also unease in the republic at the release of paramilitary prisoners, among them the four-strong Balcombe Street gang, jailed in 1976 following a six-day siege in London. Their triumphant reception at a Sinn Féin rally in Dublin during an earlier period of parole triggered widespread anger among pro-British "unionists" and almost derailed the peace process.

Sinn Féin is the political wing of the IRA.

Earlier this week, relatives of four officers in the Garda Síochána, the republic's police force, killed by the IRA, had opposed the planned releases. Eamonn Quaid, whose father was killed by the IRA in 1980, said the peace process was "a sham". The release was "like a family bereavement all over again".

But Martin Ferris of Sinn Féin said: "While we are conscious of the hurt involved for the bereaved families, today's releases will see these men re-united with their families, having served long periods of time in jail."



Shipping out: Michael Stone, who was convicted of killing mourners at an IRA funeral, leaving prison yesterday. Press Association

MANDELSON LEAVES GOVERNMENT UNDER HIS LEADERSHIP MINISTRY WAS BECOMING POLICY POWERHOUSE

## Business leaders deplore resignation

By Kevin Brown, Industry Editor

Peter Mandelson's resignation as chief minister in the trade and industry department after just five months in office is a serious blow to a ministry which had begun to show signs of recovering a sense of purpose after many years of drift.

The Confederation of British Industry, the UK's main employers' lobby, spoke for many yesterday in regretting the departure of a minister who "had shown a clear sense of the key requirements for business success and a strong commitment to improving the competitiveness of British business".

Ruth Lea, head of policy at the Institute of Directors, described his resignation as "regrettable" because he was on the side of business and he would have done very well.

Only last week, friends of Mr Mandelson celebrated his policy paper on competitiveness by claiming that the DTI under his leadership was becoming an economic policy powerhouse which the

### Three-day countdown

Monday Peter Mandelson's resignation after five months in office has set in motion a three-day countdown to the end of his tenure. Mr Mandelson says he is stepping down from a hard job but was wrong. Tony Blair says the resignation was "properly timed" and a decision by officials in his cabinet over the Robinson's business arrangements.

Tuesday morning Mr Mandelson's resignation was "personal arrangement made by two friends and colleagues" when "I have insulated myself from any contact with, or involvement in, Geoffrey Robinson's affairs at the Department of Trade and Industry and that has been acknowledged by my officials". Aides of Mr Blair say prime minister has no confidence in Mr Mandelson and Mr Robinson.

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### Stephen Byers, appointed yesterday to succeed Mr Mandelson, is the 15th chief minister at the department in 19 years. Only one of the 15 lasted more than two years and few imposed any sense of intellectual purpose.

Mr Mandelson talked of staying for several years, and while his paper on competitiveness and its accompanying economic analysis were not wholly original, they did set out the first coherent framework for DTI activities for many years.

In general, senior business people thought he was doing a good job of shaking up the DTI and putting the case for business within the government. The pro-single currency majority was also grateful for his support for early UK participation.

Mr Mandelson leaves several unresolved issues for his successor, notably whether ministers should continue to determine the outcome of mergers. He said last week that there was a "prima facie case" for keep-

### ing politicians out of competition, but had clearly not decided what to say in a consultation paper due next month.

His departure should make little difference to the government's commitment to creating a sympathetic environment for electronic commerce: the proposed bill has independent momentum because Tony Blair, the prime minister, is committed to it. But there are decisions to be made on regional selective assistance, including the details of a revised assisted areas map for the European Commission.

Another substantial issue for Mr Byers will be deciding whether National Power's offer to sell its 4000MW Drax coal fired power station in northern England satisfies government wishes for more competition in power generation.

The DTI also has to determine whether to try to persuade the Commission to hand back to UK competition authorities the right to decide whether Electricité de France's £1.9bn (£3.2bn) bid for London Electricity should be investigated.

## Return may be as euro's champion

Peter Mandelson could take a key role in the campaign for Britain's membership of the euro following his resignation from the cabinet, friends predicted last night, writes David Wighton. Tony Blair, the prime minister, told Mr Mandelson yesterday he believed that "in the future, you will achieve much, much more with us".

Paddy Ashdown, leader of the strongly pro-European Liberal Democrat party, said: "I think he is an extremely gifted politician and I have no doubt that having taken this decision swiftly, his career will be far from over. We shall see him again."

Friends said some role involving Europe was the most likely option for Mr Mandelson in the short term. A vice-president of the European Movement, Mr Mandelson is a committed pro-European who has been somewhat frustrated by his limited ability to campaign on the issue while in government.

## NEWS DIGEST

## AIRLINE COMPETITION

### Virgin Atlantic beats BA to first Shanghai route

Virgin Atlantic yesterday won its battle against British Airways to be the first UK airline to be allowed to fly to Shanghai. The Civil Aviation Authority said it had decided that awarding the route to Virgin rather than BA was the best way to promote competition in the interests of passengers. Virgin will be allowed to fly from London to Shanghai twice a week.

The decision comes as a relief to Virgin, whose chairman, Richard Branson, is at present attempting to circumnavigate the globe in a balloon. The airline has over the past year lost three other bids for new routes.

Earlier this month, the CAA reversed an earlier decision to allow Virgin to fly from London to Moscow and awarded the route to British Midland instead. The CAA said British Midland would offer better connections to the UK regions. Virgin has also lost bids to fly to Las Vegas and Cape Town. Michael Skapinker, London Hot air, Page 8

## BALANCE OF TRADE

### Goods deficit narrows sharply

The UK's trade deficit in goods narrowed sharply in October, shrinking from £2.49bn to £1.62bn as exporters fought against slowing global demand. But the improvement is likely to be short lived. The balance of trade in goods with countries outside the European Union has since deteriorated and the underlying trend pointed to a further widening overall, the UK Office for National Statistics said yesterday.

Battered by the strong pound, domestic manufacturers have been struggling to hang onto their share of overseas markets. The latest figures also showed how imports from more competitively priced producers in troubled east Asian economies have risen sharply. Imports of cars, food, machinery and components are running at record levels and the non-EU deficit rose from £1.4bn to £1.8bn in November. Christopher Adams, Robert Chote, London

## SECURITIES AND FUTURES AUTHORITY

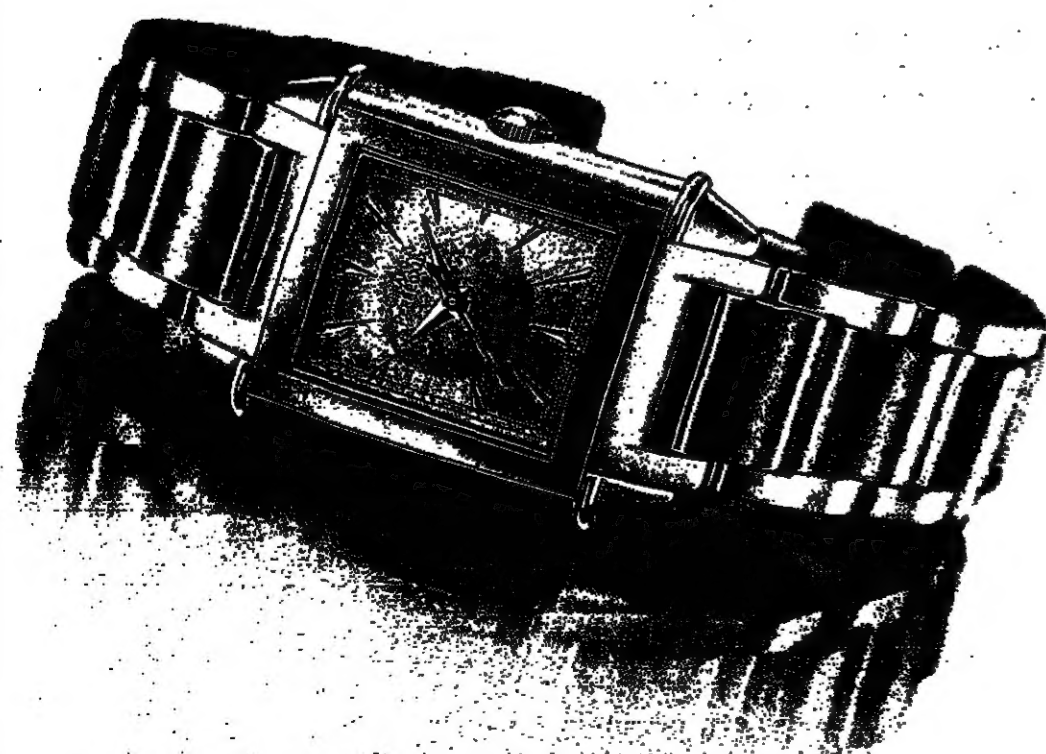
### Broker faces record penalty

The Securities and Futures Authority yesterday levied its largest fine of 1998, making Albert E. Sharp, the regional stockbroker, pay £200,000 (\$336,000) for "widespread failure of stock and dividend reconciliation" over a year-long period. The broker, which now trades as Capel Cure-Sharp after its takeover by the South African financial group Old Mutual, was also ordered to contribute £12,500 to the regulator's costs.

The SFA sharply reprimanded the broker for failures which occurred between August 1996 and August 1997. It said these were caused by deficiencies after Sharp's acquisition of Brown Shipley, another broker, early in 1996. As a result, the SFA said, Sharp's portfolio, nominee and custody records were disrupted and could not be relied upon. The regulator said it took into account the fact the broker had brought the matter to its attention, and had made ex gratia payments to compensate for loss of interest. Early this year, the broker outsourced its back office operation to Pershing Securities. Clay Harris, London

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For further information:

GIRARD-PERREGAUX • 1, place Girardet • CH-2301 La Chaux-de-Fonds  
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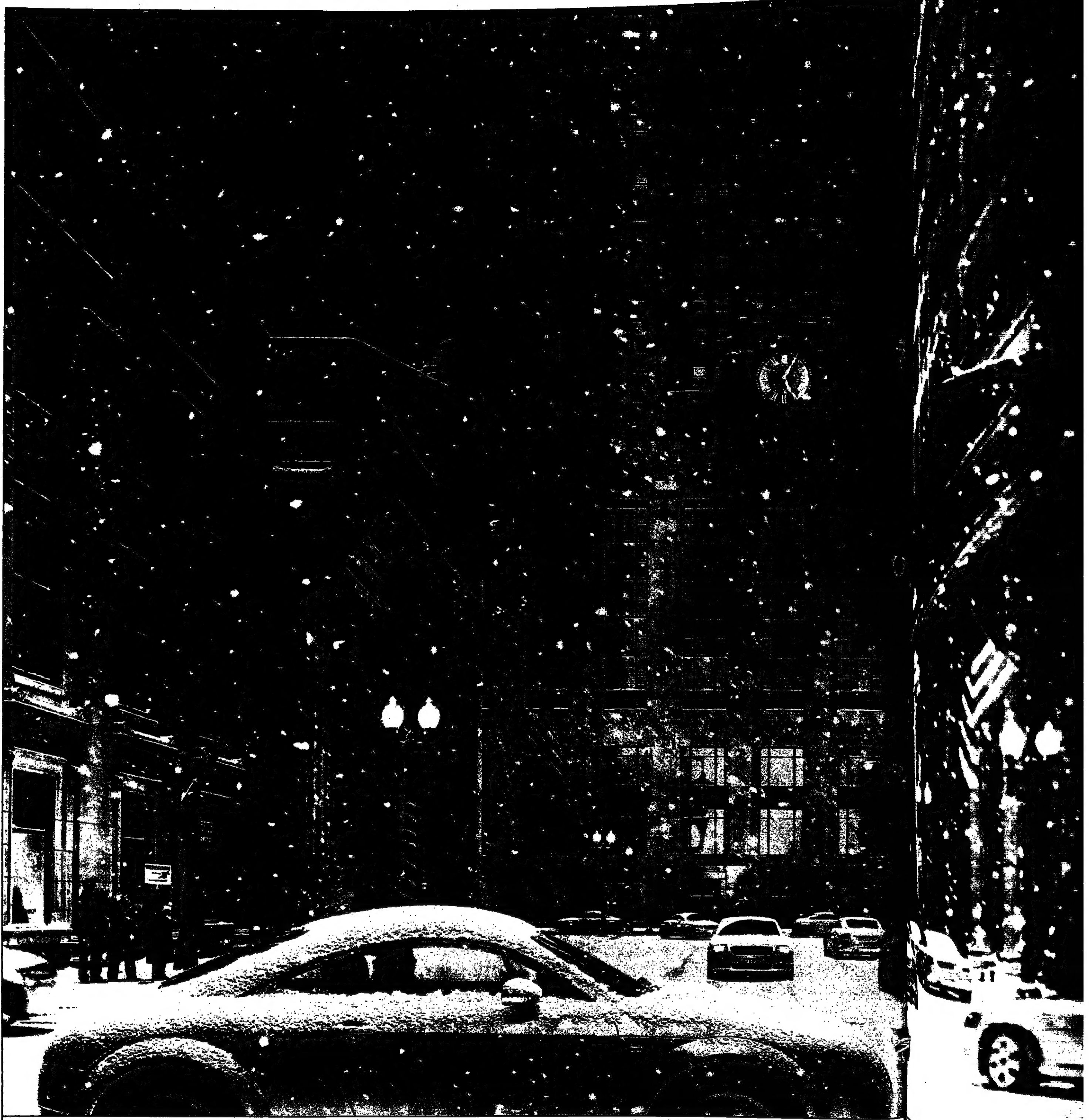
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## COMMENT &amp; ANALYSIS

## Peter's fall from grace

The most serious sleaze scandal to hit Britain's Labour government has robbed Tony Blair of one of his key political allies, says Philip Stephens



Heavy price: Blair (right) has lost a close friend and one of the main architects of New Labour

Tony Blair's government is wounded. Badly. The departure of Peter Mandelson as trade and industry secretary is a blow beyond anything it has yet experienced. This is no 48-hour wonder. The consequences will live on.

Many will say that Mr Blair has been tarnished with the sleaze he pledged to expunge from British politics. And he will have to work hard to re-establish his government's ethical image. But what will hurt more over coming months and years is the absence of "Peter".

The prime minister has lost from his cabinet not just a close friend and the most remarkable political strategist of his generation. Plenty of others now march under the banner of Mr Blair's twin projects to modernise his party and remake the landscape of British politics. Most do so from a sense of duty or self-interest. But like Mr Blair (and only a few others) Mr Mandelson has New Labour in his soul.

His undoubted unpopularity among sections in his own party reflects an unwillingness to pretend otherwise. While others have been careful to keep a stock of beer and sandwiches for their old friends in the unions, Mr Mandelson looked beyond the Old Labour bunkers and told it as he saw it.

He is widely acknowledged as a pivotal figure in his party's emergence from the political prison of its Old Labour ideology. Modernisation, though, is a process rather than an event. Cast a glance at the big issues facing Mr Blair's administration over the near horizon - the euro, electoral reform, relations with business, the shape of the welfare state - and Mr Mandelson would have been at the centre.

He was the most important bridge to Paddy Ashdown's Liberal Democrats and, crucially this, Mr Blair's personal emissary to several European governments. The present quiet celebrations of the Old Labour has-beens on the backbenches at Westminster provide dismal testimony to that lost influence.

There is another dimension to this episode which may also live on. It has reminded us of the ugliness

of some of the personal relationships in Mr Blair's government. This is a cabinet disfigured by personal enmities. A common assumption in the corridors of power is that the disclosure this week of Mr Mandelson's loan from Geoffrey Robinson, the fallen paymaster-general, came directly or indirectly from aides of Gordon Brown, the chancellor.

It is an open secret at Westminster that much of the sniping at Mr Mandelson in recent months has come from the chancellor's camp. And, true or otherwise, Mr Mandelson believes Charlie Whelan, Mr Brown's press secretary, was behind this latest story.

Mr Brown is the biggest figure in Mr Blair's cabinet. But the prime minister must reflect now whether he can any longer allow the chancellor's aides to do damage to his government in the pursuit of personal feuds.

Honest observers can argue whether Mr Mandelson should have been forced from office over his mistake. He was certainly foolish to borrow such a large sum from Mr Robinson. Having done so, he should have informed Mr Blair and declared the arrangement when he entered govern-

ment. This seems to me to have been a case of political misjudgment, a sin rather than a crime. Resignation, though, was probably inevitable.

Yet hysteria in the media about Mr Mandelson's fate for the finer things in life says more about his critics than about their target. Mr Mandelson describes himself as exotic. Others would call him a swank. He was silly to try to live so obviously above his means. Yet we disqualify our politicians for their vanity at our peril. The present puritanism in politics on both sides of the Atlantic threatens to leave us with precious few to choose from.

Much of the recent commentary on Mr Mandelson has had a rather insidious tone. Much of it has focused on his sexuality - he is gay but does not want to make it a matter of public discussion. As in the US, the line between private choices and public duties has been blurred. Mr Mandelson offends the puritan tendency.

Yet we can see why he decided to go and why Mr Blair agreed. In opposition, Labour had been ruthless in its exploitation of the sleaze which came to engulf John

Major's Conservative government. Mr Blair and his colleagues were careless of the distinctions between private indiscretions and serious wrongdoing. They are paying for their opportunism.

For all his sadness, Mr Mandelson's departure is evidence too of the prime minister's ruthlessness. The "Tony's cronies" jibe will be hard to sustain after his decision to lose such a close friend and ally. Politics is tough but we have to get on with it. It is how one of Mr Blair's close aides put it.

What the rest of us will wonder, though, is how all this affects Mr Blair's determination to be a player rather than a bystander in the European Union, a gradual warming to the euro, and his hopes of creating with the Liberal Democrats a new, permanent new alliance of the centre-left in British politics.

On each of these big issues, Mr Mandelson was the colleague to be relied on to advance the prime minister's ambitions. He will not be easily replaced. Mr Blair once famously remarked that his political project would be complete only when the Labour party had come to love Peter. Perhaps it will find it easier now he has gone.

in the summer to the department of trade and industry was the chance to step from the shadows of his past reputation as the Prince among political fixers. He relished this new respectability and, yes, enjoyed the status and the glamour. He wanted to be foreign secretary, an office he could have realistically hoped for in two or three years time. Robbed of it all so abruptly, he is understandably devastated.

We know that Mr Robinson's political career is over. It is impossible to say whether Mr Mandelson can be brought back. Many will expect a return after the next general election. Mr Blair seems to be thinking in the same terms. But there are too many ifs and buts to make firm predictions.

We do not know either how his departure will affect the balance within the government. Stephen Byers, promoted to the DTI, is among that handful of instinctive New Labourites. Likewise Alan Milburn, who joins the cabinet as chief secretary to the Treasury. Both men seem destined for the highest echelons. For now, though, they are inexperienced. The temptation for Mr Blair will be to learn more heavily on Mr Brown. I suspect the prime minister will resist it.

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## Hot air

As Branson braves the elements, Michael Skapinker asks the critical question: what about the rights of shareholders?

During a holiday season beset with news of impeachment, bombardment, infidelity and resignation, one story soars above them all.

Richard Branson - and his partners Steve Fossett and Per Lindstrand - will tomorrow celebrate Christmas in an aluminium capsule tens of thousands of feet above the earth as they bid to become the first people ever to circumnavigate the globe in a balloon.

For the travellers, the challenge is its own justification. As Charles Linbergh put it: "It was a love of the air and sky and flying, the lure of adventure, the appreciation of beauty. It lay beyond the descriptive words of men - where immortality is touched through danger, where life meets death on an equal plane; where man is more than man."

For readers of the Financial Times, however, Mr Branson's latest balloon flight raises a more prosaic question: what is the proper balance between shareholder value and stakeholder rights?

Those who believe shareholder rights are all will argue that Mr Branson's ballooning is no one's business but his own. The Virgin group is privately held and Mr Branson, as its owner, can do as he wishes. It is for him to weigh the risks against the benefits of building the Virgin brand through the huge publicity his journey is generating.

Of course, there are some dangers - as Mr Branson is perfectly aware. His previous ballooning efforts, after all, ended with crash landings in the Irish Sea and in a Canadian forest. But that does not alter Mr Branson's rights as Virgin's owner. It is really a personal matter for him and his family.

There is, however, more to say on the business side. First, it is not quite true that the highly diversified Virgin group has no outside shareholders. Some of its subsidiaries, such as Virgin Express, the low-cost airline, and Victory Corporation,



which markets Virgin-branded cosmetics and clothing, are publicly quoted. Some of the unquoted businesses, such as Virgin Rail and Virgin Direct, the financial services arm, have substantial outside shareholders. Against that, all the shareholders knew what they were getting into when they made their investments. Mr Branson's first balloon expedition was in 1987.

The real worries concern the position of the stakeholders - the employees, suppliers, creditors and non-shareholding business partners. They surely have an interest in Mr Branson's personal health and his avoidance of unnecessary risk. After all, Virgin may have assets, such as aircraft, Heathrow airport landing slots, cinemas and railway carriages. But Mr Branson's presence is crucial to maintaining its value: the man is the brand.

There is little doubt Mr Branson's ballooning worries some of his stakeholders. Gordon Bethune, chief executive of Continental Airlines, which has a partnership with Virgin Atlantic, the transatlantic airline, has tried to persuade

Mr Branson to give up ballooning. "But," Mr Bethune shrugs, "he already has a mother."

Which should, perhaps, be the message to the rest of us. Mr Branson insists he has done all he can to minimise the risks. "I wouldn't do it if I didn't think we'd survive," he says in an interview on the balloon mission's web site. "That's what we're preparing for in training - we think of the worst-case scenarios and work out what we'd do, so that with luck we'll never have to face anything we haven't prepared for to some extent."

Beyond that, all those associated with Mr Branson have to accept that he is an adventurer. Whether starting Virgin Atlantic, or ballooning around the earth, he takes risks few of us would contemplate.

Many have dreamt of launching an independent long-haul European airline to compete with the established carriers; only Mr Branson has successfully done so. Others have dreamt of circling the globe in a balloon; Mr Branson and his partners were yesterday still on course. Good luck and compliments of the season to them.

## LETTERS TO THE EDITOR

## Dangers lie in China 'window dressing' economic system

From Mr Vincent Wei-cheng Wang.

Sir, James Kyng (Zhu assails padded growth figures), December 17, offers a new explanation for China's "superb" economic performance amid the Asian financial crisis: rampant misinformation. Though disconcerting, this "new" interpretation is actually more persuasive than the prevailing "mainstream" view, which praises China's "responsible behaviour".

Misinformation has always plagued China. The problem was compounded by a closed political system. The disastrous economic development campaigns China pursued during the Maoist era, such as the "great leap forward", the people's communes and the cultural revolution, were not based on reality but relied on sheer human will (of one man) and sacrifice (of many).

Misinformation caused mass casualties and kept the truth from being known until too late. Today's China is miles from the Maoist era. However, the tendency to pursue economic development as a national political

campaign remains remarkably similar. Hence, slogans such as "defending 8 per cent (growth rate)" and "vowing not to devalue the renminbi", which Zhu Rongji, China's prime minister, vowed earlier this year, transcended into national political campaigns prolonging the regime's mandate, rather than "normal" government policies based on economic theories and realities.

Mr Zhu should be credited for taking on "manufacturing information". Amartya Sen, this year's Nobel economics laureate, rightly asserts that accurate information flows, which require basic political liberties, are necessary to prevent man-made disasters, such as famine.

China should stop "window-dressing" its closed economic system because the longer it defies economic gravity, the more painful its inevitable crash will be.

Vincent Wei-cheng Wang, assistant professor of political science, University of Richmond, Richmond, VA 23173, US

## Logical if personal taxation also harmonised in EU

From Mr G.M. Simon.

Sir, The belief that tax harmonisation to prevent so-called "harmful tax competition" in the European Union is limited to the taxation of companies is, at best, naive. Even if the rate of tax and the basis on which company tax is charged were to be harmonised the question of personal taxation will remain an issue.

Most companies in Europe are private companies and thus the owner-managers are able to vote themselves whatever remuneration they wish. Directors' remuneration is allowable in computing a company's tax bill.

It follows that if one country had significantly lower rates of personal tax, or more advantageous provisions - for example, for deducting interest, before tax liability is calculated -

then there would be an incentive for executives to locate businesses wherever tax rates were lower. Logically therefore, rates of personal tax, too, should be "harmonised" to avoid "harmful tax competition".

It is an interesting reflection of the vigour of business in the US that, in spite of different states having different rates of company tax, plus thriving offshore havens in the Bahamas and Caribbean, there is no whingeing about "harmful tax competition". Perhaps the explanation is that US executives are sufficiently good at business and job creation not to need such excuses for their failures.

G.M. Simon, PO Box 30, Moreton-in-Marsh, Glos GL56 9YR, UK

## Frogs signal a mild winter

From Mr Richard Gattfield.

Sir, For those who can make use of this information, I have recently come across a number of frogs in my garden which hardly seemed to be bothering to hibernate at all. This is most

unusual and probably indicates that the coming winter will be exceptionally mild.

Richard Gattfield, Bennetts Grove, Mayes Green, Dorking, Surrey RH5 5PN, UK

## No evidence of diversion of supplies under Iraq's 'oil for food' programme

From Mr Michael Stone.

Sir, I have recently returned from Baghdad, where for 1½ years it was my job to report, on behalf of all observers, the progress of the humanitarian "oil for food" programme.

UK ministers and senior members of the opposition frequently state that the Iraqi leadership has diverted supplies under this programme. This is a serious error of opinion.

A total of 151 international observers, travelling throughout Iraq, reported to the United Nations multidisciplinary observer unit of

which I was the head. At no time, from the arrival of the first commodities in March 1997 to date, was any diversion recorded. I made this clear in our reports to the UN secretary-general and he reported in writing to the Security Council.

In the case of private donations outside the "oil for food" programme, those which arrived by air were observed by ourselves and no diversion was recorded, as reflected in our reports to the UN in New York. Humanitarian supplies arriving by road were not within our remit, although my close

contact with the Iraqi Red Crescent, which had a co-ordination role, would suggest no diversion. This was supported by both the International Federation and the International Committee of the Red Cross, both operational within Iraq.

With regard to private medical donations, again nothing directly to do with the "oil for food" programme, there has sometimes been confusion. All supplies, in accordance with international practice, should have been vetted before distribution by the government testing author-

ity called Kimadia (some suppliers, in ignorance, tried to avoid this). I do know of more than one occasion when outdated medicines arrived and Kimadia was naturally reluctant for them to be distributed.

Bombing Iraq is a matter of the utmost seriousness, particularly in view of the civilian casualties. It is imperative, as I am sure your readers will agree, that our facts are correct.

Michael Stone, Harbour View, Poitruan, Cornwall PL33 1PB

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## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

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Thursday December 24 1998

## Faith, hope, charity and tax

After a year in which some of America's richest people seem to have competed to make grand philanthropic gestures, charitable bodies in other nations are wondering how they can persuade their own citizens to do the same. Unfortunately for them, the charitable instinct – or lack of it – is deeply rooted in society.

America is possibly the most philanthropic nation of the world, although generosity in some other countries, Canada for one, comes close. It is certainly the centre of high-profile giving. The donations of billionaires such as George Soros and Ted Turner and more recently Bill Gates, are so large that they are on a par with public policy.

But the most surprising thing about charitable behaviour in the US is not the giving of the super-rich. After all, the US has many more of these people than any other country – nearly 200 billionaires, and literally millions of millionaires.

More striking is the proportion of income given away by ordinary people, for whom the tax incentives that may induce the richest individuals to give are irrelevant. Americans give, on average, between 2 to 3 per cent of their salaries to charity. People on low incomes actually give proportionately more: in 1995, donors earning under \$10,000 gave an average of 4.3 per cent of their income. This compares with an average of only 1.4 per cent of income in the UK.

To understand these differences, it is necessary to look back to the very roots of charity – to religion.

## Charitable behaviour

Most of the world's major religions contain some more or less explicit instruction to give. The Old Testament tells believers to set aside a tenth of their income, called a tithe, whilst the New Testament puts great emphasis on charitable behaviour.

Charity is also the first of the ten Perfections, or virtues, that Buddhists aim to cultivate. And under Islam, charity is one of the five pillars of the religion, of equal importance to prayer.

These traditions live on in the

US, where organised religion, particularly the Protestant faith, is still very influential. Churches are highly efficient in persuading their members to give generously. Weekly churchgoers in the US donate an average of 3.3 per cent of their income, compared with just 1 per cent for those who only attend once a year.

## Religious giving

High levels of religious giving are not, however, restricted to America. In Germany, all church members pay a substantial additional tax, administered by the government but distributed to religious organisations. And countries with a strong Roman Catholic tradition, such as Ireland and Italy, tend to have higher levels of giving.

The charitable impulse also depends on the perceived role of the state. The *laissez-faire* approach of the government throughout most of America's history meant that the provision of welfare services by charities became entirely natural. But in much of Europe, the state took on the responsibility of looking after the weakest in society.

And the differences between charitable behaviour in different countries owe much to history. The generosity of America's 19th century super-rich, most notably Andrew Carnegie and John D. Rockefeller, created an expectation that those who succeed should give something back. This attitude has permeated down to all levels of society.

Compare this to the UK, where there have been far fewer charitable role models to look up to. Britain's super-rich, it is estimated, only donate a paltry 0.13 per cent of their income. Or consider France, where endowed institutions, including charitable foundations, were outlawed for many years after the revolution.

A thriving, well-funded non-profit sector is a valuable social force. Charities are a source of diverse ideas and can act as a counterweight to the government of the day. Yet only a few countries, such as the US, are in this position. A less Scrooge-like mentality in other nations could have great rewards.

## Those that walk in darkness

They called him the prince of darkness for his mastery of public relations. Now he has disappeared into the political night, with the press baying in pursuit.

Peter Mandelson, who resigned yesterday as Britain's trade and industry secretary, was not the first ambitious politician to assume a lavish lifestyle by imprudent borrowing. But his admirers will be shocked and his detractors surprised that this led him into a misjudgment so grave that he was forced to quit.

He was right to go and it was inevitable that the Geoffrey Robinson, the paymaster-general, who gave him a secret loan of \$50,000 should be sucked into the whirlpool. The immediate shock to Tony Blair's Labour government is severe but it must at least be given credit for a prompt resolution of the affair.

Borrowing money – even a large sum – was nothing to be ashamed of. Allegations that he misled the press about the source of funds for his \$275,000 house can be dismissed as pique.

But as one who was in the vanguard of criticising Tory MPs for financial sleaze, he should have been super-sensitive to the need for a scrupulous adherence to propriety, especially after he joined the cabinet in the summer reshuffle.

Mr Blair's revised code of conduct for his MPs says explicitly that they must avoid even the appearance of a conflict of interest. There could be no excuse, therefore, for Mr Mandelson's failure to tell the prime minister or his top officials about the loan, when he learned that Mr Robinson's business dealings were under investigation by his own department.

## Unresolved issue

And to be on the safe side, he should have regarded a large loan on preferential terms as partly a gift to be declared in the register of members' interests. There is another issue, still unresolved. Mr Mandelson said he could not remember whether he told Britannia, the building society from which he took out a separate loan, of his larger indebtedness to Mr Robinson.

The question of whether he failed to make a required disclosure has so far only been raised, not answered. But since both loans were secured on the same asset, it would have been happier for Mr Mandelson if he had been able to say straight out that the Britannia knew all about his friend's largesse.

## Recent intrusion

If Mr Mandelson were a private individual, these matters would hardly be of legitimate press interest. Recent intrusive speculation about his personal life certainly should not have been, under any circumstances. The press must take care: it is too often guilty of using claims of "public interest" as an excuse for titillation and voyeurism.

This is not such a case. Tony Blair's government was elected – in part – to purge the British political system of sleaze, minor corruption and hypocrisy. Revelations and non-disclosures of Mr Robinson's generosity and complex financial affairs have been a persistent source of embarrassment.

In attempting to close out that account, the political cost for Mr Blair has proved considerable. The loss of Mr Robinson's business contacts and talents as a fixer may be less important.

But Mr Mandelson was one of the architects of new Labour's vision of market-friendly middle way. In his 150 days at the department he had begun to sweep away the cobwebs that remained in Labour's industrial policy. His attitudes to competition, competitiveness and the role of government were refreshingly pragmatic. And his staunch pro-Europeanism would have been a big asset as the common currency starts to shape a new relationship between Britain and its continental partners.

Whether he could have matched ministerial courage and judgment to his formidable presentational skills will not now be known, at least in this parliament. This might seem a harsh price for him to pay, but it is the necessary one for the health of British political life.

Gerard Baker says the US Federal Reserve chairman's success in keeping the American boom going has, paradoxically, increased the risk of 'irrational exuberance'

"Thank God we're only talking about impeaching the president. Imagine what a crisis we'd have if we were trying to get rid of Alan Greenspan."

The words of one congressman, uttered at one of the innumerable moments of crisis during Bill Clinton's traumatic year, were said without a hint of irony.

Though the chairman of the Federal Reserve may never compete for headlines with the world's most famous intern, history is unlikely to be in much doubt whose contribution to world events was the greater in 1998.

After all, though this was the year Mr Clinton was caught in the sights of a legal and political assassination attempt, it was also the year US financial markets and the US economy dodged a bullet of their own – or, rather, the incoming missile of the global slowdown.

And in the view of many of those who experienced it, the main reason for the great escape was the timely intervention of Mr Greenspan and his colleagues at the Fed. In the space of a few critical weeks this autumn, the Fed chairman simultaneously executed a swift easing of monetary policy and engineered the rescue of a falling hedge fund which, had it fallen, might have wreaked havoc on the entire US financial system.

Both actions were criticised widely at the time but three months later it is clear they helped restore calm to jittery markets. Now the economy looks set for more solid growth, a measure of confidence has returned to financial markets and the stock market is back close to record territory.

And what is good news for America is good news for the world. Strong US growth has been the lifeline for the rest of the world in the last year – and if that growth continues the chances of a global recovery are good.

In fact some economists argue that the real significance of Mr Greenspan's *modus operandi* is a fundamental change in approach by the Fed.

The Greenspan Federal Reserve appears to have shifted regime, operating with a new policy framework that takes the world economy and financial system into account, viewing the US as one component in this system," says Allen Sinai, chief economist at Prisma Decision Economics in New York.

No one is yet prepared to say the crisis is over. Nor can it be claimed that the Fed alone calmed international markets (fiscal and financial changes in Japan, European rate cuts and an International Monetary Fund programme in Brazil all helped).

What few seriously doubt is that Mr Greenspan's role was pivotal. The question, though, is whether his actions will turn out to have been entirely beneficial. Many in financial markets are happy to raise a glass to the Fed chairman this holiday season. Others, however, argue that 1998 will be remembered as the year when the seeds of economic destruction were sown.

They say Mr Greenspan has allowed a stock market bubble to inflate, and far from rescuing the world from collapse in 1998, he has actually significantly raised the possibility that when the end of this long US expansion eventually comes, the fall will be greater than ever. They argue that 1998 will be remembered not as the year of the Great Greenspan World Economic Rescue, but as the year of the Great Greenspan Bubble.

What neither admirers nor critics dispute is that the 72-year-old Mr Greenspan is now in possession of something rare in central banking circles – cult status.

It is not just that he is in charge of the most powerful central bank in the world. In his 11 years at the Fed, he has earned a reputation for economic management that has made his name synonymous with America's economic resurgence.

Steering monetary policy through a succession of crises in the late 1980s and early 1990s – the stock market collapse of 1987, the savings and loans debacle, the Mexican debt crisis – he has been widely credited, quite rightly, as having been the architect of that resurgence.

He is known not only for his famous backhand on the tennis court but also for a clever political mind, which has enabled him to get appointed or re-appointed by three presidents and to count among his close friends senior members of both Democratic and Republican administrations.

Few bureaucrats (and fewer central bankers) have ever achieved such status. His followers are no longer confined to the

## MAN OF THE YEAR ALAN GREENSPAN

## Guardian angel of the financial markets



bond trading rooms of investment banks, though his face is still unfamiliar to most, his name is literally a household one.

His standing is all the more remarkable since his public pronouncements, though frequent, are as Delphic as ever. "We never know what Mr Greenspan is going to say before he says it," Mike McCurry, the former White House press secretary once remarked, deflecting criticism that the White House was interfering in the Fed's policy. "In fact, we don't generally know what Mr Greenspan has said even after he's said it."

So how did Mr Greenspan achieve his miracle-working reputation? And, in particular, how did he manage this year (after so long in the post) to go from workmanlike monetary bureaucrat to master of the universe?

The year 1998 could easily have seen the Fed chairman's steadily rising reputation depreciate faster than a Russian share price. The US economy was caught in

lapse. The Fed decided to orchestrate a rescue, paid for by the private sector, to stop the risk of contagion. A week later, the FOMC cut short-term interest rates by a quarter point. The initial market reaction was negative – too little, too late, some called it and stocks continued to fall. Two weeks later, in a rare decision taken between meetings of the open market committee, Mr Greenspan himself decided another quarter-point cut was needed.

To his supporters Mr Greenspan's actions – signalling a rate cut was coming, authorising the rescue for LTCM and executing a quick double interest rate cut in two weeks – were the turning point for the world economy. Indeed, soon after those frantic weeks, an air of calm descended over markets.

But in the view of some sceptics, though those actions may have seemed successful in stabilising world markets, Mr Greenspan's deeds were, in fact, forced on him. Market interest rates had already fallen sharply in the month before the Fed cut rates. Likewise the decision to rescue LTCM was a *fait accompli*. A refusal to get involved would have been unthinkable.

That was not how the debate seemed at the time inside or outside the Fed. On interest rates, there were those who were still arguing for caution, aware that, for all the turmoil, the US economy did not seem to have slowed at all. And the LTCM rescue was widely condemned at the time as an embarrassing piece of US "crony capitalism". (David Mullins, a former vice-chairman of the Fed and still a friend of Mr Greenspan, was on LTCM's board).

But most economists believe the Fed's actions were neither wrong nor dictated for it by events. "In the circumstances, the moves were essentially the right ones – and not necessarily all that easy to make," said Lawrence Lindsey, a former Fed governor.

In fact the chairman again demonstrated through the crisis another characteristic of his tenure at the Fed. He has repeatedly shown in the past few years that he is not, as some central bankers have been, "obsessed" with inflation.

Before the crisis intensified this summer, Mr Greenspan had been under heavy pressure to raise interest rates to curb the rapid US expansion. Yet, in spite of an average annual growth rate

of almost 4 per cent for the past three years, the Fed has raised interest rates only once – and then by just a quarter of a point.

As a result the economy has been allowed to grow much faster than it would otherwise have done, with no sign of inflationary ill-effects.

Except, possibly, for one. The most serious criticism of the Fed chairman focuses on the surging bull market. To many economists, the Fed has failed to prevent the greatest threat to the US economy. If it had moved earlier to squeeze liquidity in asset markets, it might have been able to deflate the "bubble" gently. When prices fall the impact on the economy will kill off the expansion and – in the process – destroy Mr Greenspan's reputation.

Paradoxically, Mr Greenspan's success in 1998 may have made this more acute. By steering so adeptly through the conflicting currents, he may have increased the market's perception (or delusion) that risks are a thing of the past, pushing up share prices to even riskier levels and making the pain of any future bust all the greater.

"We now have a Greenspan Bubble," says Bert Ely, an independent economist and strong critic of the Fed. "And it's too late to do anything about it."

The Fed chairman has been troubled by the stock market for at least the last two years. But economists at the Fed, who have looked at the implications of past bubbles, seem to have concluded that, for all the dangers, there is very little they can do. Raising interest rates to prick an asset bubble when inflation is low requires an almost impossible task of fine-tuning. Raise them a fraction too high, and the bubble bursts with damaging consequences. Raise them a little, but not enough, and you risk hurting the real economy without addressing the market problem.

The central bank's inability to deflate bubbles gently points up one of the ironies of Mr Greenspan's standing in world financial markets. His stewardship of US monetary policy has been so effective that investors seem to have placed their confidence – and their money – in his ability to get judgments right. "Markets everywhere have been levitated by a kind of touching belief in the omniscience of Alan Greenspan," says Mr Lindsey. The irony is that the higher the markets go, the less chance the omniscient Mr Greenspan has to prevent a serious financial accident.

**'We never know what Mr Greenspan is going to say before he says it. In fact, we don't generally know what Mr Greenspan has said even after he's said it'**

the cross-currents of opposing trends. The domestic economy had developed a head of steam that looked alarmingly inflationary. Output had expanded by 3.9 per cent in 1997, a rate well in excess of that normally considered sustainable without igniting price pressures. Unemployment was below 5 per cent and most Fed officials cautioned that it was only a matter of time before wage pressures began to accelerate.

Worse still the stock market, which Mr Greenspan had been fretting about publicly for more than a year, continued to inflate at an alarming pace. Since the notable failure of the chairman's earlier attempt to cool the market down – his "irrational exuberance" speech in December 1996 – Wall Street had risen by more than 25 per cent.

But this buoyant outlook was clouded by what was happening in Asia. US manufacturers were just starting to report export problems from collapsing overseas markets; and the betting was that the trade problems would slow growth considerably.

Moreover, Mr Greenspan was concerned about financial mar-

kets. He had long been warning that the rapid pace at which money moved around the world in modern markets posed new threats to the US economy. If investors got nervous elsewhere he knew US markets could suddenly be overwhelmed with panic – freezing up the flow of money and bringing the still benign US expansion to a juddering halt.

In the circumstances the Fed played safe. With signs that the hectic pace of growth was continuing, the central bank's open market committee refrained from raising rates at its March meeting, but moved to a "bias towards tightening" policy, meaning it saw the inflationary risks as greater than recessionary ones. Throughout the spring and summer the Fed remained in this stance, ready to pull the interest rate trigger if necessary.

Then Russia imploded. The debt moratorium and rouble devaluation significantly altered the equation. For months Mr Greenspan had been quietly com-

plaining that US investors had taken an unrealistic attitude to risk – they no longer seemed to believe it existed – and spreads between yields on the riskiest of investments and those on riskless assets had declined sharply. But with Russia gone, investors took fright. Risk spreads widened ominously and undermined domestic financial markets. Share prices plummeted.

The Fed chairman understood that he had to act quickly to convince markets the US central bank was ready to assist the world economy in crisis. In discussions with other central bank governors and finance ministers around the world, Mr Greenspan agreed to sign up to a special statement by the Groups of Seven industrialised countries that said the balance of risks in the world economy had shifted from inflation to recession.

But markets were still unclear whether that meant the Fed would cut rates.

On September 18, Mr Greenspan learned of the first major US casualty of the crisis. Long-Term Capital Management, a hedge fund, had run into difficulties and seemed about to col-



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# FINANCIAL TIMES

THURSDAY DECEMBER 24 1998

BUILDING HOMES  
OF INDIVIDUALITY  
FROM SCOTLAND TO  
THE SOUTH COAST

## THE LEX COLUMN

### No free sushi

The Japanese government has proved yet again there is no such thing as a free lunch. Only two months ago, as the yield of the benchmark 10-year government bond hit just 0.66 per cent, the authorities felt able to congratulate themselves. After all, the market was saying Japan was not only the best credit risk in the world but the best in the history of the world.

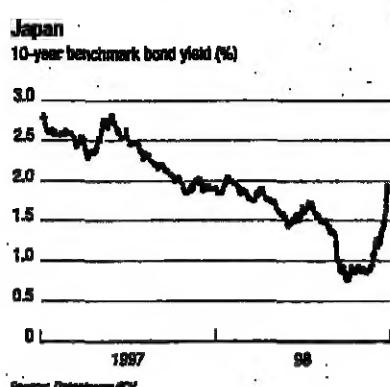
But, as so often in Japan, the market was rigged. The government itself - through the Trust Fund Bureau and funded by the Post Office - was buying huge quantities of its own bonds, driving prices up and yields down.

On the basis of these abnormally low yields, the government was confident it could substantially increase the supply of government bonds to fund tax cuts and its record ¥80,000bn budget - both aimed at boosting the moribund economy. This big increase in supply would have been worrying enough, but demand is also set to decline.

The Trust Fund Bureau is facing a liquidity crisis because nearly half the Post Office's funds are in 10-year high yielding accounts that expire over the next two years. Hence the warning this week that the Trust Fund Bureau would halt outright purchases of domestic government bonds. The result was a bond market rout, with the yield jumping to 1.9 per cent.

Even if bond prices stay at these levels - and they could fall much further - the damage to the real economy will be severe. The banks, already in trouble, are big holders of Japanese government bonds and in the short term will suffer huge losses. Having a steeper yield curve to trade will be marginal compensation. As for consumers and the corporate sector, an increase in long-term interest rates is unwelcome.

To western eyes, 1.9 per cent might seem low. But with inflation running at minus 2 per cent, real interest rates are high and provide little incentive to spend or invest. There is a real danger of the rise in long-term interest rates counteracting the benefits of tax cuts and a record budget. With few policy options left, the government may be forced to print money, with all the attendant dangers of a currency crash. Japan's policy-makers face unenviable choices.



#### Hi-tech gadgets

After several lean years, gadget junkies can look forward to better times in 1999. The first trend in their favour is the digitalisation of consumer electronics. The coming year will bring the first full model ranges for digital cameras, digital television sets and digital versatile disc (DVD) machines - the compact disc version of the video cassette.

Many of these items are still relatively expensive. A new flat screen TV from Sony will cost the equivalent of \$2,700 in Europe, while Panasonic's portable DVD player retails at \$1,300 in the US. But greater production volumes should bring down prices. At the same time, the "software" supporting these products is increasing rapidly. There are already 2,000 films available on DVD in the US, and the UK's BBC now broadcasts much of its programming in digital, widescreen format. Manufacturers are also becoming ever quicker to upgrade their new gizmos. Panasonic is already introducing a set top box in the UK that can receive digital TV signals over cable and the next step will be a move to intelligent TV sets with integrated receivers.

Enthusiasts may have to wait a little longer for recordable DVDs, but consumer demand will probably force manufacturers to launch them by 2001. For investors, the prime beneficiaries will be branded electronics manufacturers such as Sony and Philips, but specialist retailers such as Dixons in the UK and Circuit City in the US will also benefit.

The second development, a little further off, is the disaggregation of the personal computer, as the host of functions it fulfils are taken over by a flurry of specialist devices. Why, for instance, should you have to be at your desk and hook up your computer every time you want to go online or send e-mail? It might be more convenient to use a mobile phone with internet capability or a souped-up personal organiser. It is not clear how exactly wireless and web technologies will coalesce. Probably, however, no single device will dominate in the way the PC has dominated the last decade. That is likely to be bad news for established PC makers and their component suppliers, unless they can adapt themselves. But it should be good news for the big mobile phone producers such as Nokia and Ericsson and companies like Sun Microsystems and Cisco Systems, which make the kit that will allow these devices to talk to each other.

#### UK politics

There is no disguising how savage a blow Peter Mandelson's resignation is to Tony Blair's government. He is not only perhaps the prime minister's closest confidant but also one of the principal architects of the project to turn Labour from socialist stick-in-the-mud into market-friendly social democrats. Mr Mandelson was probably the best Labour trade and industry secretary business could hope for. In his few months in the post, he has articulated an agenda even more pro-enterprise than that of Gordon Brown, the UK finance minister.

Stephen Byers, Mr Mandelson's replacement, has promising credentials. He too is on Labour's pro-business wing. But Mr Byers will not enjoy anything like Mr Mandelson's clout. And that was an essential ingredient in the plan to turn the Department of Trade and Industry from a backwater into a champion of pro-enterprise thinking throughout government.

Similar logic applies to European economic and monetary union, which Mr Mandelson was enthusiastic that Britain should join. Again, Mr Byers is considered pro-EMU. But Mr Mandelson's resignation reduces a touch the chances of early entry. It is time, perhaps, to revisit those convergence bets.

## Ireland's emigrants hear the Old Country's call

Skills shortage means jobs are easy to find for Irish diaspora

By John Murray Brown in Dublin

At Dublin airport this week, Susie Benson will be handing out leaflets to unsuspecting passengers in the arrivals hall.

It happens every year in the run-up to Christmas, as the High Skills Pool project, a Dublin charity, attempts to piece together a database of the Irish diaspora, to establish how many Irish-born professionals might be lured home - a key issue at a time of growing skills shortages in Ireland's booming economy.

Her first recruit this morning is Tony Keating, a 26-year-old accountant with Andersen Consulting in London.

He knows what would entice him back. "I can get a job easy enough. It's the salary that's the real issue," he says.

But salary is not the only motivation. Conor O'Kelly worked for eight years in Japan and the US before returning in 1995 to head NCB brokers' bond trading. For him, what clinched it was the realisation that Ireland was no longer a place that frowned on enterprise.

"Now we see our dreams are achievable at home. When I left college, the only role model was Tony O'Kelly and he had had to go abroad to do it," he says of the former head of Heinz Food, perhaps the best known Irish-born entrepreneur.

While, a century ago, the Irish abroad were considered lost forever, today they are dubbed the e-mail emigrants.

No one knows how many might be enticed home. As recently as 1988 50,000 people left the country. In areas such as engineering, it was not uncommon in the 1980s for half of every graduate class to emigrate because of the shortage of jobs.

But as the economy has improved, so emigration has slowed. According to the latest figures from the Higher Education Authority, only 9 per cent of last year's graduates took jobs abroad, down from 20 per cent in 1988.

The latest census figures, pub-



Flying home to roost? Susie Benson greets Tony Keating at Dublin airport

lished this month, reveal that 23,500 more people arrived in Ireland than left the country in the year to April. This is the highest net immigration figure since records began and represents a considerable addition to the labour supply of a small economy.

Traditionally, job opportunities would have been picked up by word of mouth, but such is the competition for talent that multinational companies based in Ireland are starting to use the internet to tap the vast pool of Irish graduates working in the US and Europe.

In Galway, Liam Ferris, a former engineer with Digital, has an e-mail newsletter specially tailored for professionals working overseas interested in coming home to work in the IT and electronics sectors.

IT Professional has 12,000 email readers, up from 3,000 three years ago, and is adding 100 new subscribers every week.

Big movements in the Irish labour force are not new in some sectors. Often in the past, when the domestic economy slowed down, Irish construction workers would take work in the UK, returning home when demand picked up.

In the last few years a building boom has led to advertisements in UK newspapers encouraging plaster-

ers and carpenters to return. Today the typical returnee is highly-educated, highly-qualified and likely to be in IT or financial services. John Fitzgerald, economist with the Economic and Social Research Institute, says the result is that the skills base is being constantly upgraded.

But in some sectors, it is still not enough. The software industry alone is projected to need more than 8,000 graduates each year for the next 10 years. Such is the concern the government is even said to be considering special tax breaks to tempt people home.

The High Skills Pool has already collected more than 8,000 names of potential recruits. It believes there could be as many as 60,000 highly qualified people around the world interested in coming home.

For two days next week, it will host a jobs fair in a Dublin hotel to allow foreign companies a chance to talent spot among the holidaying Irish expats.

Last year 70 companies took stands, with 20,000 people attending. At this year's show, it believes there could be as many as 150 foreign companies touting their wares.

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Pro-democracy demonstrators protesting in Hong Kong against jail sentences handed out to Chinese dissidents Xu Wenli and Wang Youcai

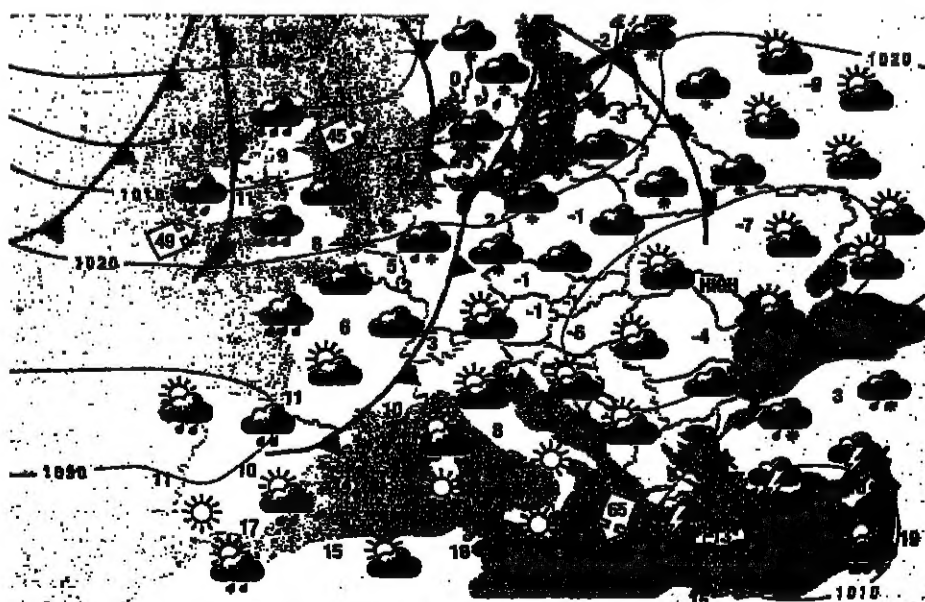
## FT WEATHER GUIDE

### Europe today

Scandinavia will be cold with spells of sleet and snow in many places. Eastern Europe and the Balkans will be mostly dry and cold, with mist and fog patches. The eastern Mediterranean will have strong winds and thundery rain. The central Mediterranean will be dry and sunny. Central Europe will have sleet and snow. North-west Europe will be breezy with rain. The Iberian peninsula will be mostly dry and sunny, with occasional showers towards the east coast.

### Five-day forecast

The eastern Mediterranean will become more settled over the Christmas period, but there will be showers early next week. Rain will move into north-west Europe over the weekend and will spread into the Low Countries and France, where it will be heavy, perhaps with thunder.



Situation at midday. Temperatures maximum for day. Forecasts by FT WEATHER CENTRE

TODAY'S TEMPERATURES				Cairo				Paris				Madrid				Riyadh				Tokyo			
Algeria	Sun	28	Belgrade	Sun	11	Cairo	Sun	30	Frankfurt	Fri	15	Madrid	Sun	10	Riyadh	Sun	2	Tokyo	Sun	16			
Amsterdam	Fri	15	Berlin	Sun	4	Cairo	Sun	30	Frankfurt	Fri	15	Madrid	Sun	10	Riyadh	Sun	2	Tokyo	Sun	16			
Athens	Thurs	9	Bombay	Sun	31	Cairo	Sun	30	Frankfurt	Fri	15	Madrid	Sun	10	Riyadh	Sun	2	Tokyo	Sun	16			
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## COMPANIES &amp; FINANCE: INTERNATIONAL

CARMARKING FLEXIBLE-WORKING AGREEMENT COULD NARROW GAP BETWEEN UK AND GERMAN GROUPS

## BMW upbeat on Rover productivity

By John Griffiths

The productivity gap between Rover Group workers in the UK and their counterparts at BMW, the parent company, could narrow from the current 30 per cent to 5 per cent by the middle of 1999, as a result of a recent flexible-working agreement in which 2,500 jobs will also be lost, the German carmaker said yesterday.

However, BMW acknowledged that closing the gap to this extent would depend on Rover's plants working at full capacity. This is considered unlikely in the case of Longbridge, Rover's biggest plant, which produces the slow-selling 200 and 400 models and has already been hit by short-time working.

However, the productivity gap was 50 per cent when BMW took over Rover four years ago, and if progress

were maintained Rover would be on course for profitability, the group said.

Rover was already profitable in Germany, where it sold 43.9 per cent more cars in the first 11 months of this year - 36,709 - than in the same period of 1997. This compared with a 3 per cent growth for BMW's own sales in Germany, which totalled 213,850.

The brighter outlook for Rover comes as BMW prepares to announce higher sales and profits for 1998. The company said worldwide deliveries of BMW models would reach 700,000, up 3.7 per cent on the previous year's 675,000.

Sales were expected to rise further in 1999, despite most analysts predicting a weakening of global new-car demand.

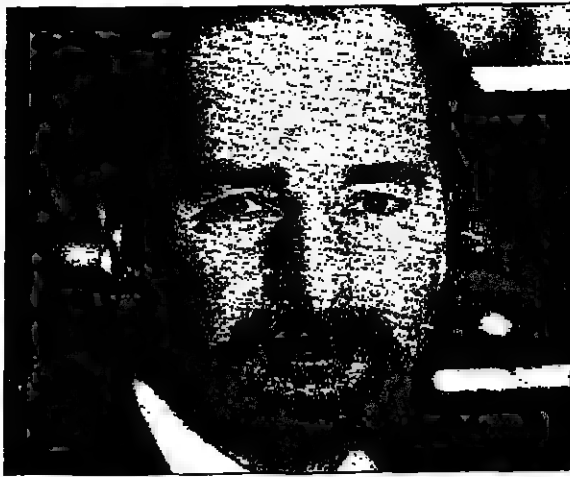
BMW also said the development of replacements for the 200 and 400 models

would account for about DM2.4bn (\$1.43bn) of the DM4.3bn in investments in the pipeline for Rover. This includes DM1.1bn for a new Mini to be launched in the year 2000 and which is also to be built at Longbridge.

BMW has already invested DM6bn in Rover, including DM1.9bn to develop a new executive saloon, the Rover 75, which will be launched in the spring.

The investments reward Rover employees for agreeing to flexible working practices and the loss of 2,500 jobs in a drive to raise productivity and cut costs by £150m (\$232m) a year over the next few years.

Meanwhile, Eberhard von Kuenheim, chairman of BMW's supervisory board, described as "nonsense" reports of a power struggle between Bernd Pischetsrieder, BMW management



Bernd Pischetsrieder, has support of supervisory board. Trevor Humphries

board chairman, and Wolfgang Reitzle, board member in charge of marketing over the poor financial performance of Rover Group, which is expected to have incurred losses

of DM500m during 1998. Mr Pischetsrieder had the full support of the supervisory board and BMW's principal shareholder, the Quandt family. Mr von Kuenheim said.

## European groups in space merger

By Christophe Jankowski

Consolidation in the European defence and aerospace industry took a further step yesterday, when four companies agreed to merge their satellite and space operations.

General Electric Company of the UK, Lagardere of France, DaimlerChrysler Aerospace of Germany and Finmeccanica of Italy are to combine the satellite and space operations of Matra Marconi Space (owned by Lagardere and GEC), Dasa Raumfahrt Infrastruktur, Donner Satellitensystem and Alenia Spazio.

The combined businesses will have annual turnover of about €2.7bn (\$3.17bn), and 11,000 employees.

Voting rights of the partners will be settled at a later date. Armand Carlier, Matra Marconi Space chief executive, will be chairman of the new company.

France's Aerospatiale, which is finalising its merger with the defence interests of Lagardere, will later bring its space launcher and vehicle interests to the new European space company.

This would give the new group total turnover of €2.37bn, making it second in the world after Lockheed Martin of the US.

GEC had delayed the agreement, which was originally to have been signed last week, arousing speculation that it might not wish to close the door to alternative link-ups, with a US company or with Thomson-CSF of France, which owns 49 per cent of the satellite rival Alcatel Space.

GEC and Alenia also announced yesterday formation of their long-heralded tie-up in defence and electronics, combining their ground, naval, missile systems and air traffic control operations.

The venture, Alenia Marconi Systems, will have turnover of about £1bn (\$1.7bn) a year.

## NEWS DIGEST

## NETHERLANDS

## ABN Amro takes control of Asian securities unit

ABN Amro, the Dutch bank, has paid \$220m to take full control of an Asian securities operation, after Guoco Group of Hong Kong exercised a right to sell its 30 per cent stake. The entity, which in February was renamed ABN Amro Asia (Holdings), is the former HG Asia, an offshoot of the London-based Hoare Govett stockbroking group previously acquired by ABN Amro.

The unit operates in 12 securities markets in Asia-Pacific and is active across the region in corporate finance. ABN Amro said last night that "owning a 100 per cent stake will enable the bank to accelerate strengthening its infrastructure and to have an even better fit of its activities with the worldwide equities activities of ABN Amro".

Since the onset of regional economic upheavals last year, the eight-year-old Guoco has been rationalising interests which span banking, insurance, fund management, property, manufacturing and trading. It controls Dao Heng Bank and Dao Heng Securities. Net profits at Guoco fell 82 per cent to HK\$83m (US\$49m) in the year to June as the crisis took its toll. Gordon Cramb, Amsterdam

## SERVICE PROVIDERS

## America Online at new high

Shares in America Online, the largest online service provider, surged to a new high of \$140.50 in early New York trading yesterday after Standard & Poor's added the stock to the S&P 500 index, effective from January 1. AOL reached the new peak in heavy trading before easing to trade at \$135, up 12 1/2%. S&P said after Tuesday's New York market close that AOL would replace Venator Group, previously named Woolworth, in the benchmark equities gauge. Reuters, New York

## FOOD PROCESSING

## ConAgra earnings static

ConAgra, the US food processor, reported second-quarter earnings little changed from last year, as lower grain trade profits offset better fresh meat earnings. The Omaha-based group, the second largest US food processor after Philip Morris's Kraft unit, reported earnings for the quarter ending November 29 of \$219m, or 46 cents a share, about even with earnings of \$217.2m or 46 cents in the year-ago quarter. Analysts had expected earnings of 46 cents, according to the First Call research group. Reuters, Chicago

## MERCHANT BANKING

## Lazard predicts record year

1998 will be a record year for profits and business activity at Lazard, the merchant banking group, according to Michel David-Weill, the senior managing partner. Mr David-Weill indicated that Lazard would clock up records in New York and Paris, while approaching or equalling the record achieved last year in London. In France alone, the group was involved in 55 deals. David Owen, Paris

## Merrill to help promote Total/Petrofina deal

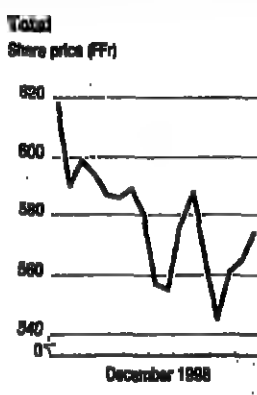
By Jane Martenson, Investment Correspondent

Total, the French oil group, has drafted in a second investment bank to try to overcome lacklustre shareholder support for its proposed takeover of Belgium's Petrofina. It emerged yesterday.

The group has appointed Merrill Lynch, the US investment bank, to beef up its presentation of the \$13bn deal, which has so far failed to win over sceptical shareholders.

Credit Suisse First Boston, the Swiss-US investment bank which worked on the initial valuation and roadshow for the group, will continue to act as adviser.

Total said yesterday it had decided to appoint an extra bank for the second round of roadshows in the run-up to the all-important shareholder meeting on January 14. "We wanted to have some more help, so we appointed



Source: Datastream/FT

Merrill Lynch as an equity adviser," it said.

Shares in Total fell 12 per cent the day after the deal was announced on December 1, as doubts arose about the 37 per cent premium the group is paying for Petrofina and the extent of possible cost savings and synergies.

The price continued to fall until just over a week ago, when a series of meetings

between management and shareholders appeared to start paying off. Merrill was appointed a week or so after the deal was announced.

Total has previously won support from investors for its emphasis on the more lucrative upstream business rather than the less attractive, refining and marketing end.

Some of this month's dissatisfaction is understood to have been prompted by fears that this approach would change following the Petrofina takeover.

US investors hold about one-quarter of the company's shares and have been particularly keen on details of any proposed merger savings.

Merrill is expected to move from ninth to fourth place in the European mergers and acquisitions league table for 1998, having advised on a raft of deals including the \$64bn BP-Amoco merger and the \$13bn merger of Belgian banks Credit Bank and Cera.

## Iridium makes \$65m purchase

By Alan Cane

Iridium, the Washington DC-based global satellite phone operator, has bought Claircom Communications from AT&T and Rogers Capital in a deal valued at \$65m in cash and debt.

Claircom, based in Seattle, is the second largest provider of telephone communications to commercial airlines in the US.

The services are available through some 100,000 in-flight phones on 1,700 commercial jets, operated by airlines including American Airlines, Northwest, South Western and Delta.

Iridium, in which Motorola of the US is the largest shareholder, is the first of a small number of consortia to offer satellite phone services from virtually any point on the earth's surface using a handheld phone. It is already offering service.

Competitors include Globalstar of the US and London-

based ICO Communications. It operates a fleet of some 66 satellites in low earth orbit to relay calls to and from earth stations.

Customers use conventional cellular systems where possible but switch automatically to the satellite network when out of range of terrestrial coverage.

Claircom's system will be rebranded as Iridium.

The Iridium system will be able to send and receive voice calls to both the cockpit and cabins of commercial airliners and private aircraft.

Claircom began operations in 1993. It owns and operates a digital air-to-ground network of 180 ground stations. It is also a leading marketer of international aeronautical equipment for satellite services, with installations on more than 200 aircraft.

The acquisition will require regulatory approval.



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Financial Times Surveys

## World Steel

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Catherine Markey in Edinburgh  
Tel: +44 131 220 1199 Fax: +44 131 220 1578  
email: catherine.markey@FT.com

or Haj Haffejee in London  
Tel: +44 171 873 4281 Fax: +44 171 873 4862  
email: haj.haffejee@FT.com

FINANCIAL TIMES

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Fund held on 13 May 1998, Shareholders are informed that the  
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Haruo Murakami  
President  
Representative Director  
Japan Telecom Co., Ltd.



Financial Highlights (Years ended March 31)	millions of yen				Six-month period ended September 30
	1993	1994	1995	1996	1996
Operating Revenues	¥304,948	¥325,587	¥375,855	¥391,399	¥190,290
Telecommunications					
Service Revenues	290,127	294,995	306,175	319,002	156,808
Operating Profits	30,977	33,232	45,398	51,467	3,075
Net Income	10,035	21,297	25,499	15,483	1,701
Total Assets	464,699	499,699	470,892	561,049	563,146
Shareholders' Equity	250,074	269,380	291,618	316,938	316,486

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## COMPANIES &amp; FINANCE: INTERNATIONAL

## Philippine banks unveil merger plan

By Tony Tassell in Manila

The long-awaited consolidation of the Philippine banking industry took a step forward yesterday with the announcement of the planned merger of two medium-sized commercial banks.

AsianBank Corp and the Philippine Bank of Communications have signed a memorandum of understanding to create a group with assets of about \$1.6bn and capital of about \$200m.

The move may herald further mergers in the Philippines, where banking has been slow to consolidate despite mounting competition and increasing prudential requirements.

The central bank has been encouraging the country's 53 commercial banks to consolidate. The minimum capital requirement for a commercial bank with full investment-banking activities is set to be raised from 3.5bn pesos at the start of 1999 to 5.4bn pesos (\$139m) by 2000.

However, analysts said that Philippine banks, which are mostly privately held, have resisted consolidation, with controlling shareholders seeking to retain control or asking too high prices.

"The pace of consolidation there would have been a lot more activity by now," said one analyst with a foreign group.

The merger between the privately owned AsianBank and the listed PB Com would

be a good fit, with roughly the same size of assets and complementary operations, analysts said.

At the end of September, AsianBank ranked 19th among the country's universal banks with total assets of \$3.5bn pesos.

It has strong corporate-banking relationships with its AB Capital subsidiary, one of the top five local investment banks. It also owns a prominent local stockbroker, Anscor Hagedorn.

In comparison, PB Com was ranked 21st, with total assets of \$3.6bn pesos. Its operations are focused on the middle retail market, with an emphasis on the Chinese community.

AsianBank officials are expected to take management control of the merged entity. Ramon del Rosario, AsianBank chairman, will take on the post of chairman and chief executive; Edward Go, AsianBank president, will become president and chief operating officer.

## Sing Tao in the red at interim stage

By Louise Lucas in Hong Kong

Sing Tao Holdings yesterday revealed interim net losses of HK\$13.8m (US\$1.8m), despite a HK\$3.1m exceptional gain. The Hong Kong investment and publishing company made interim losses of HK\$121.2m last time.

The gain came from the sale of a 50 per cent stake in Sing Tao Newspapers and 75 per cent of Sing Tao Daily to Toronto Star Newspapers.

There is no dividend, against 8 cents last time.

This week Sing Tao Holdings unveiled details of a possible HK\$115.8m sale of a 23 per cent stake in the company to China Enterprise Development Fund (CEDF), a Dublin-listed fund whose investors include Fidelity, Far East Fund and University of Richmond.

However, regulations governing CEDF might force it to take half the agreed stake and find a partner for the balance.

Problems on the CEDF deal are the latest to plague attempts by Sally Aw to find a new owner for the empire she inherited from her father. She herself has no children to take over the business, and an attempt in May to sell the company to Mingley Corporation, a Hong Kong property group, failed.

Meanwhile, Ms Aw has been raising cash elsewhere. Last week she sold her 90,000 sq ft Tiger Balm Garden, an oasis in built-up Hong Kong, for an estimated HK\$100m to Cheung Kong, one of the territory's biggest property developers. It plans to turn them into a housing development and park.

Ms Aw's cash-raising efforts came days before a High Court writ suing her for at least HK\$294.2m. Ho Ying-chie, chief executive of Hong Kong Tobacco, alleges in the writ that Ms Aw failed to repay loans of US\$12m and HK\$169.2m.

Sing Tao shares closed yesterday at HK\$30.85, down 5 cents on the day.

## Korea Telecom surges on debut

By John Larkin in Seoul

Shares in Korea Telecom, the country's largest telecommunications group, jumped to the daily limit on their debut on the Korea Stock Exchange yesterday.

The issue was seen as an important step towards reviving confidence among foreign investors in the crisis-hit country.

Although volume was low, the shares soared by their maximum allowed Won3,750 to close at Won23,750. Analysts said they expected the shares to settle over the next couple of days at between Won35,000 and Won40,000 each.

The government listed 16.3 per cent of the group, and foreign investors will be allowed to hold a total of 5 per cent of the company from today. It plans to sell a further 28 per cent to foreign investors next year to meet a 33 per cent ceiling on overseas ownership.

There were fears that Korea Telecom's listing would generate selling pressure on other shares, sending shock waves through the still-jittery stock market.

The worries sent the Korea Composite Stock Price Index tumbling 3.1 per cent on Tuesday.

Analysts say Korea Telecom will represent 10 per cent of the market when capitalised, becoming the second largest company by market capitalisation on the exchange.

The issue is expected to attract fresh capital from foreign investors searching for more quality Korean investments. "Foreigners are showing a keen interest in Korea Telecom. The competition in preliminary buy orders tomorrow will be fierce," said a dealer at the international division of a leading brokerage.

"Instead of [investors] selling stock in Korea Electric Power Corp, for example [to buy Korea Telecom], the listing will attract more fresh money into South Korea," said Namuh Rhee, research head at Samsung Securities. "This will provide more options for foreign investors to choose from."

Mr Rhee said Korea Telecom carried less risk for investors than companies associated with big conglomerates, which are undergoing painful restructuring.

The government has a 71.2 per cent stake in Korea Telecom, which has a monopoly on the local telephone service and the lion's share of the long-distance market.

## Acer cuts forecast for 1998 net profit

Acer, the Taiwanese computer group, yesterday cut its full-year net profit forecast from T\$3.5bn to T\$2.5bn (US\$78m), writes Reuters from Taipei.

It blamed falling profits in its global personal computer business, shrinking margins from subsidiaries and losses in the semiconductor and North American market as well as fluctuations of the Taiwan dollar.

The reduced profit forecast would represent a 34 per cent drop from its T\$3.5bn net profit in 1997. This was Acer's second forecast cut in

1998. In August, it trimmed its 1998 forecast from T\$5.5bn to T\$3.5bn.

However, Acer, the world's third largest personal computer maker, yesterday lifted its 1998 sales target from T\$90bn to T\$95.4bn. It started shipping assembled PC systems to subsidiaries, rather than just components, in the third quarter this year, helping to boost its bottom line.

"The price per unit is higher for integrated PC systems, resulting in the higher revenue forecast," it said.

## Malaysian banks thirst for a liquidity diet

Controls on foreign capital have forced the sector to look internally for funds, writes Sheila McNulty

When Abdul Rashid Hussain, Malaysia's dominant financier, announced a sweeping restructuring of RHB, the nation's third biggest financial services group, little of it was done in cash.

For many analysts, this symbolised the biggest barrier to reviving the Malaysian economy: a shortage of liquidity in a banking system that moved into the regional financial crisis with domestic debt at 170 per cent of gross domestic product.

They estimate the system needs at least M\$50bn (US\$13bn) in fresh funds to relieve.

But the country's capital controls, imposed in September, rule out the traditional solution - raising funds by more foreign investment and assistance from the International Monetary Fund.

"By imposing capital controls, Malaysia more or less closed the doors on getting outside capital," says Kate O'Donoghue, economist at Barclays Capital in Singapore. "Now they have to find resources internally."

Instead, the authorities have established Danabarta, a national asset management company, to sort out the non-performing loans (NPLs) of the 36 commercial banks, and a second government vehicle, Danamodal, to recapitalise them.

In August, Danabarta acquired its first NPLs from Perwira Affin Merchant

Bank. While it did not disclose the price of individual assets at the time, it has since revealed it signed agreements to ease the burden of M\$21.8bn worth of NPLs of 14 banks.

The agency is focusing, in the initial stages, on the weakest institutions, in the hope of relieving them of enough bad loans so the banks can begin lending the economy out of recession.

The agencies hope to complete by the end of March the acquisition of secured NPLs and those in sectors considered of national strategic importance - stockbroking, manufacturing and infrastructure. At the same time, the central bank has been urging mergers to consolidate and strengthen the dozens of institutions.

"Besides consolidation, the more urgent need is for additional capital to restore full solvency," says Nicholas Krasno, senior vice-president of Moody's Investors Service. "The rating agency remains concerned that the Malaysian government's official estimates of the extent of support needed by the banking system is well below what realistically be required."

The government recently reduced from M\$35bn to M\$15bn the amount it says is needed to remove the NPLs from the system and puts recapitalisation costs at a further M\$16bn. It has

Malaysia's banks by Moody's

	Long-term deposit ratings	Financial strength	Outlook
Malayan Banking	Ba1	From D+ to D	Negative
Bank Bumiputera Malaysia	Ba1	E confirmed	Negative
Public Bank	Ba1	D+ confirmed	Negative
RHB Bank	From Ba1 to Ba2	D+ confirmed	Negative
Sime Bank	From Ba1 to Ba2	From D+ to E	Negative

Source: Financial Institutions Group, IIF

Dec 2 1998



Abdul Rashid forced to sell control of RHB to government

already signed agreements covering more than M\$15bn in NPLs. The money is being raised by selling to the financial institutions what bankers estimate will eventually be M\$100bn in government-guaranteed, zero-coupon bonds with yields close to Malaysian Government Securities with similar tenor.

But this, bankers say, forces the strong banks to pay indirectly for the rescue of the weak institutions, further eroding the overall system. It also makes it difficult for analysts to evaluate how even Malaysia's best institutions, Malayan Banking, or Maybank, and Public Bank, will emerge from a crisis that economists predict will result in more than 30 per cent of all loans going bad.

The entire industry is under pressure from the government to lend. Analysts

say these institutions' strengths may be their undoing as the government calls on them to do more "national service" than the others.

Bankers say the central bank has threatened to sack them if they do not provide 8 per cent annual loan growth by the year-end. But growth has continued to fall, to just 2 per cent in October. The authorities insist the banks are being too cautious and have reclassified NPLs to those in default for six months, instead of the internationally recognised three.

Bankers sometimes have a hard time deciding how best to help. RHB attempted to curry favour by volunteering early in the crisis to buy Sime Bank, which posted losses of M\$1.57bn for the six months to the end of last December.

At the end of last month, RHB posted losses attributable to shareholders of M\$936m for the year to June

30, against a M\$312.9m profit for the previous 13 months. Although the government agreed to help RHB recapitalise, the help was forthcoming only after negotiating a deal that forced Mr Rashid to sell control of RHB to the government.

But some institutions will be saved without having to pay such a high personal price. Analysts put the government-controlled Bank Bumiputera, the second largest, among them. The bank, which analysts say is insolvent owing to the impact of the crisis on its government-directed lending, has already been rescued twice. But, without substantial outside capital, it will be almost impossible for the government to rescue every institution amid the crisis.

That has Mr Krasno questioning "whether the assurances of unlimited support for the banking system may at some point need to be compromised".

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As from January 1, 1999 the new company's name will be Fortis (B)

Share split and modification of the company's name into Fortis (B)

The extraordinary general meeting of Fortis AG held on December 4, 1998 has decided to divide the Fortis AG share into nine and to modify its company's name into Fortis (B).

As from January 4, 1999, the existing securities will be exchangeable against split securities in the proportion of:

- 1 Fortis AG share, coupons N° 12 and following attached
- 1 Fortis AG VVPR-strip-coupon sheet, coupons N° 12 and following attached
- for
- 9 Fortis (B) shares, coupons N° 1 and following attached
- 9 Fortis (B) VVPR-strip-coupon sheets, coupons N° 1 and following attached

It has to be pointed out that the warrants and the CVRs issued by Fortis AG will not be split.

From now on, the terms and conditions for exercising the warrants will be the following:

- 1 warrant + BEF 2,464 will entitle the holder to 9 new Fortis (B) shares + 9 new Fortis (B) VVPR-strips

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Mee-Person      VSB Bank  
Barclays Bank      Fortis Bank Luxembourg

Any costs charged by financial intermediaries other than the aforementioned institutions entrusted with the exchange for exchange applications presented at their counters, will be borne by the applicant.

As from 4 January, 1999, only new split securities will be traded on the Stock exchanges of Brussels, Luxembourg and London. As from this same date these securities will be listed in euro.

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## Fortis AG

one of the largest providers of financial services, supplying a broad range of financial products through a variety of distribution channels. In other European countries, as well as in the United States and Asia, Fortis concentrates on specific market segments.

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## COMPANIES &amp; FINANCE: UK

## Asprey sells two more non-core businesses

By Clay Harris

Asprey & Garrard, the royal jeweller, made its biggest pre-Christmas sale last night, with the disposal of the Mappin & Webb and Watches of Switzerland chains to a team led by Judith Pilkington, Mappin & Webb's managing director.

The deal, at an undisclosed price, all but completes the clearance of non-core businesses at the group owned by Prince Jefri Bolkiah, younger brother of the

Sultan of Brunei.

The Sultan, once one of Asprey's biggest customers, has stopped all purchases from the Bond Street jeweller because of a falling out over his brother's flamboyant lifestyle.

Another leading UK jeweller, Goldsmiths Group, meanwhile saw its shares soar after announcing receipt of a "very preliminary approach" for possible takeover discussions.

One rumoured suitor is Onehouse Partners, a venture capital fund. Eric Walters,

an Alchemy partner and former Goldsmiths non-executive director, last night said he had no comment.

Goldsmiths is the UK's second largest specialist jeweller after Signet (the former Ratners). Its shares closed 52p higher at 164p after an announcement prompted by the Takeover Panel.

After a 66 per cent advance over two days, Goldsmiths has a market value of £39m.

The Mappin & Webb disposal is subject to the receipt of funds by Asprey's bank

this morning.

Mappin & Webb has 14 stores in the UK, stores in the Channel Islands, France and Dubai and concessions in Mitsukoshi department stores in Japan. The group includes pawnbrokers TM Sutton, SA Barker and Nathan & Co.

Watches of Switzerland, a separate company, has 18 UK stores including Rolex and Patek Philippe boutiques.

Ms Pilkington has headed Mappin & Webb since 1995 when she joined from Har-

rods. Her team had originally sought only to buy Mappin & Webb.

European Acquisition Capital, venture capital arm of Sweden's Skandinaviska Enskilda Banken, will be majority shareholder. Financing was provided by Bank-Boston Retail Finance, a US asset-based lender making its UK debut.

Asprey had already sold non-core businesses including Scottish jeweller Hamilton & Inches and contractor Tomass Starzewski. It is in talks to sell Les Ambassa-

deurs, four jewellery shops in Switzerland, to management.

Paul Clayman, managing director of Watches of Switzerland, is to stay with Asprey as a director with responsibility for its watch and clock division.

David Lowden, group finance director, will leave at the end of January. His successor in a slimmed down role is Philip Arden, currently financial controller. John Reid, group corporate director and company secretary, will leave in March.

## German group agrees £40m bid for BCH

By Jonathan Ford

ALD, a German car leasing company controlled by Deutsche Bank, yesterday launched an agreed takeover bid for BCH, valuing the vehicle management group at £39.8m (£66m).

BCH, a former management buy-out that floated on the stock market at the end of last year, revealed last month that it had been approached by an unnamed bidder.

The cash bid values each BCH share at 260p, a premium of 47.5 per cent to the 189p at which they closed on November 25, the day before BCH revealed it was in talks.

ALD has received irrevocable acceptances from the directors, who control 19.1 per cent of the shares.

Richard Pepper, chief executive of BCH, said the group decided to sell after its share price fell heavily in the spring over fears that falling secondhand car prices would hit profits.

The shares, floated at 190p, fell to a low of 129p in October following profit warnings from Arriva, a rival leasing company, and Car Group, a retailer of used cars. Yesterday, BCH closed at 246p, up 26p.

Secondhand car prices, which have fallen nearly 10 per cent this year, are important to car leasing companies because part of the profit they make on each three-year contract comes from the sale of the vehicle after it is returned.

ALD, in which Deutsche holds a 75 per cent stake, is Germany's largest car leasing group, with a market share of about 6 per cent. Since 1993, ALD has been expanding abroad, establishing subsidiaries in France, Italy, Spain, Portugal and the Czech Republic.

Earlier this year, the group began looking for a suitable UK target to add to its network.

BCH operates a fleet of approximately 16,000 vehicles. Last year, the company reported pre-tax profits of £2.9m on sales of £56.8m. Its net liabilities amounted to £2m.

ALD's bid is the third large vehicle leasing deal since the summer.

In August, Standard Chartered bought Autolease from Britax for £8m, while last month Halifax, the UK's largest mortgage lender, spent £18m buying 80 per cent of the car leasing subsidiary of Lex Service.

## Laporte sells hygiene unit for £31m

By Charles Pratt

Laporte, the specialty chemicals group, is to sell its European hygiene division for £31m (£32m) to a management buy-out vehicle backed by 31, the venture capital group.

The sale means Laporte's disposal programme has been substantially completed. The group, which bought 114 businesses between 1986 and 1995, has been trying to simplify its structure since Jim Leng took over as chief executive three years ago. Almost £300m has been raised from disposals since mid-1995.

The sale of the hygiene division, which makes cleaning chemicals for the food industry, will lead Laporte to incur a one-off £4m loss. It will record a £15m exceptional gain before goodwill, tax and expenses but will also incur a £61m goodwill write-off.



Jim Leng took over as chief executive three years ago

Mr Leng said the business was sold because a number of bolt-on acquisitions would have been needed to develop its market presence. Laporte, which this year

bought the Inspec specialty chemicals business for £61m, is concentrating on four main areas. The largest is specialty chemicals, which accounts for about 44

per cent of sales and makes fine chemicals and catalysts for the pharmaceutical and life sciences industries.

The other areas include pigments for construction; the compounds and electronics division, which makes chemicals for the semiconductor industry and specialty plastics; and the formulated products arm, whose products include timber treatment chemicals.

Mr Leng said he would consider acquisitions. "If we saw some tasty morsels along the way, we've got some resources to handle that," he said, adding that Laporte could afford to spend up to about £100m.

The group said market conditions were "somewhat more challenging" than six months ago and that its electronics business had been "materially adversely affected". However, it said specialty chemicals continued to improve.

## Pendragon in £84m takeover

By Jonathan Ford

Pendragon, the UK's second largest motor dealership, yesterday launched an agreed takeover bid for Evans Halshaw valuing the Birmingham-based car dealer at £83.7m (£141m).

The deal comes just days after Jardine Motors and Ford of the US unveiled a conditional £32m offer for Dagenham Motors, and is expected to spur further consolidation of the UK's car dealing sector.

Investors have been pushing for consolidation to improve the sector's poor record of profitability. Margins in car retailing are slender and costs difficult to reduce because of its highly fragmented nature.

Pendragon is offering 28p in cash for each Evans share, a premium of 61 per cent to the 161p at which they traded before Evans announced it was in talks with an unnamed bidder on December 8. Pendragon has received irrevocable acceptances from holders of 83.4 per cent of Evans' shares.

The deal pleased analysts because Pendragon was prepared to offer a 6.5 per cent premium to Evans' net asset value at 30 June.

Most car dealers have been trading at substantial discounts to net asset value this year over fears about a downturn in the UK car mar-

ket. In October, the dealership sector hit a five year low relative to the FT All-share index.

Ford and Jardine disappointed investors this week by announcing they would only offer a price for Dagenham's shares at a discount to the company's estimated net asset value.

Trevor Finn, chief executive of Pendragon, said the takeover would create the UK's largest motor retailer by turnover. It would also be "immediately and significantly earnings enhancing for Pendragon," he added.

Mr Finn said Pendragon and Evans had complementary networks in terms of both geography and the marques they supplied. About 50 per cent of the enlarged group's sales will come from luxury car franchises and the remainder from volume dealerships.

Mr Finn said Pendragon had been prepared to offer Evans' shareholders a premium to net asset value because of its luxury dealerships, which tend to trade individually at a premium to book value. Pendragon is funding the deal with borrowings, and analysts expect it to have gearing of more than 100 per cent at completion. Interest will be about 3 times covered.

Evans shares rose 5p to 261p and Pendragon's were unchanged at 261p.

## Powell Duffryn buys

By Jonathan Ford

Powell Duffryn, the ports and engineering group, yesterday expanded its marine engineering business with the purchase of Kvaerner Ships Equipment for £24m cash.

KSE, which manufactures cargo-handling equipment and parts for roll-on, roll-off ships, was sold by Kvaerner, the debt-burdened Norwegian shipping and construction group, as part of its strategy of disposing of peripheral businesses.

Powell has been seeking to expand its engineering interests following the sale of a

number of non-core businesses in the past year. Last month Barry Harries, chief executive, said the group would spend up to £150m on deals in the UK and continental Europe.

Powell plans to integrate KSE with its Hamworthy Marine arm, which makes engine-room equipment, marine pumps and waste systems. KSE's plants are in Scandinavia and east Asia, while Hamworthy is based in the UK, Denmark and China. Following the deal, which will more than double Hamworthy's turnover, the combined group will be renamed Hamworthy KSE.

## RESULTS

				Dividends				
	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Bellway (H) — 5 mths to Sept 30	2.22	(2.16)	0.8711	(0.46)	1.91	(0.77)	-	nil
Chancellor — 5 mths to Sept 30	-	-	0.4971	(4.81)	2.11	(15.2)	1	8
Corp Exec Search — 5 mths to Sept 30	1.54	(2.3)	0.0671	(0.207)	0.04	(0.08)	-	-
Crown Leisure — Yr to Sept 30	36.1	(2.4)	0.554	(1.36)	1.11	(4.8)	0.75	1
Integrated Asset — 5 mths to Oct 31	-	-	0.04	-	1.59	-	-	1.5
Kellogg — Yr to Sept 30	72.3	(5.7)	3.17	(2.36)	84.8	(54.9)	20	30
Levi's (UK) — Yr to Sept 30	272	(252.3)	3.184	(1.54)	5.11	(7)	nil	nil
Stewart & Weight — 5 mths to Sept 30	0.282	(0.272)	0.245	(0.233)	10.9	(10.38)	nil	nil
Investment Trusts								
	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Headline — Yr to Oct 31	271.4	(261.4)	10.2	(9.82)	8.6	(6.14)	5.87	5.25
Head Stock & Gen — 5 mths to Nov 30	399.74	(204.49)	1.22	(1.74)	2.01	(1.82)	1.85	4
Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. (H) After exceptional charge, (N) Increased capital, (M) nil stock, (G) Gross rental income, (F) Four interest of 10 pence dividend, payable on February 28, (S) Foreign income dividend.								

Earnings shown in pence. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. (c) Increased capital. (d) Mtn stock. (e) Gross retail income. (f) Four months of year also disclosed, payable on February 26. (g) Foreign income dividend.

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**THE MANAGED CONVERTIBLE FUND**

RICAV  
Luxembourg, 11, rue Aldringen  
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**NOTICE OF MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the registered office of the Company on 11 January 1999 at 10.30 a.m. with the following agenda:

1. Approval of the report of the Board of Directors and of the report of the Auditor.
2. Approval of the annual accounts as at 30 September 1998 and allocation of the results.
3. Discharge to the Directors.
4. Ratification of the co-optation of a Director.
5. Re-election of the Directors and of the Authorized Independent Auditor for a new term of one year.
6. Miscellaneous.

The shareholders are advised that no quorum is required for the items of the agenda and that the decisions will be taken at the simple majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any Meeting by proxy.

By order of the Board of Directors

**U.S. \$200,000,000**  
**B.B.L. International N.V.**  
**Floating Rate Notes Due 2001**  
Guaranteed on a Subordinated Basis  
as to payment of principal and interest by

**BBL**  
**Banque Bruxelles Lambert S.A./**  
**Bank Brussel Lambert N.V.**

Interest Rate 5.175% per annum  
Interest Period 24th December 1998  
24th June 1999  
Interest Amount due  
24th June 1999  
per U.S. \$ 10,000 Note U.S. \$ 261.82  
per U.S. \$250,000 Note U.S. \$6,546.82

Credit Suisse First Boston (Europe) Ltd.  
Agent

**St. George Bank Limited**

**US\$250,000,000**  
**Floating Rate Notes 1999**

The notes will bear interest at 5.6% per annum for the interest period from 24 December 1998 to 24 March 1999. Interest payable value 24 March 1999 will amount to US\$140,000 per US\$10,000 note.

Global Agency and Trust Services,  
Citibank N.A., London  
24 December 1998

**CITIBANK**

**LEGAL NOTICES**

No. 06476 of 1998

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF  
QUADRANT CATERING LIMITED

and

IN THE MATTER OF THE  
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 10 December 1998 confirming the cancellation of the share premium account of the above named Company was registered by the Registrar of Companies on 21 December 1998.

DATED 22 December 1998.

Nabeem Nathoo  
30 Broad Street  
London W1X 6NX  
Ref. BGR2V/G12324

**PERSONAL**

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**CREDISUEZ**  
FRF 500 000 000 9.25%  
BONDS DUE 2000  
With coupon reinvestment option  
Common Code : 3540839  
Sicovam Code : 14738

According to the terms and conditions of the Bonds, notice is hereby given that 598 supplementary Bonds have been created upon exchange against Coupons on account of payment of interest.

New total nominal amount outstanding as of 03/01/99 :  
FRF 629 000 000

THE PRINCIPAL PAYING AGENT  
SOCIETE GENERALE  
BANQUE & TRUST S.A.  
LUXEMBOURG

**U.S. \$150,000,000**  
**HBC America, Inc.**  
Member FDIC

**Floating Rate Subordinated Notes Due 2000**

Interest Rate 5.4375% per annum  
Interest Period 24th December 1998  
24th March 1999  
Interest Amount due  
24th March 1999  
per U.S. \$10,000 Note U.S. \$261.84  
per U.S. \$250,000 Note U.S. \$6,546.82

Credit Suisse First Boston (Europe) Ltd.  
Agent

**NBD BANCORP, INC**  
US\$100,000,000  
Floating rate subordinated notes due 2005

Notice is hereby given that for the interest period 24 December 1998 to 24 March 1999 the interest rate has been fixed at 5.5625%. Interest payable on 24 March 1999 will amount to US\$139.06 per US\$10,000 note.

Agent: Credit Agricole Indosuez Luxembourg

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**NORDIC INVESTMENT BANK**  
FRF 600 000 000  
CMS-IB/CNO-TEC 10 LINKED FLOATING RATE NOTES DUE 2000  
ISIN CODE : XS0067744040

For the period from December 26, 1998 to March 26, 1999 the new rate has been fixed at 1.50562542 %

Next payment date :  
March 26, 1999  
Coupon n° 3  
Amount :  
FRF 15 056.33 for the denomination of FRF 1 000 000

THE PRINCIPAL PAYING AGENT  
SOCIETE GENERALE  
BANQUE & TRUST S.A.  
LUXEMBOURG

**BIRMINGHAM MIDSHIRES BUILDING SOCIETY**  
£200,000,000

Floating Rate Notes due 2000

For the three months from 21st December 1998 to 18th March 1999 inclusive the Notes will carry an interest rate of 6.435% per annum.

The interest amount payable per £20,000 will be £195.15 and per £100,000 will be £975.75 on 18th March 1999.

AGENT BANK  
**BARCLAYS**



# EURO PRICES

## EQUITIES

# Car stocks drive Europe higher

By Koenigsmann

Car stocks were the main drivers in European markets which were otherwise quiet ahead of the Christmas holidays. Wall Street opened strongly and that helped prices in Europe.

The FTSE Eurotop 100 index closed at 2,722.25, up 40.87 points, while the broader FTSE Eurotop 300 index closed at 1,179.57, up 18.60.

The FTSE Ebluc 100 index, which tracks the share prices of the biggest companies from countries in the

first wave of economic and monetary union in January, finished up 18.08 at 986.19.

Throughout this week, there has been a marked preference to stay on the sidelines rather than take on large trades which would then demand extensive redenomination before the introduction of the euro next month.

The best performing sectors were paper, packaging and printing, which rose 4.13 per cent, automobiles, which climbed 3.05 per cent, and healthcare, which closed up 4.12 per cent.

Swedish stocks were up, helped by a strong rally for

the third consecutive day by Volvo.

The Swedish car manufacturer's price has strengthened since last Friday when rumours emerged that Ford, the US motor manufacturer, was keen to buy Volvo.

Volvo again refused to comment on the talk of a possible merger with the world's second biggest car manufacturer or other rumours saying the Swedish company's chief executive Leif Johansson had met Ford representatives several times last week.

Volvo's share price rose Ecu 2.4 to Ecu 20.44. Drugs company Astra, which is to

merge with Zeneca, also rose Ecu 3 to Ecu 17.47, while Zeneca improved by Ecu 5 to Ecu 37.97.

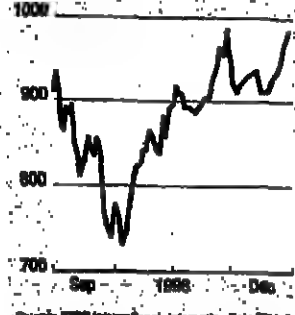
BMW was a strong mover along with DaimlerChrysler, the recently merged car group.

German auto share prices improved despite low volumes ahead of the Christmas break. BMW was up Ecu 2.7 to Ecu 889.85.

In the paper, packaging and publishing sector, Alcan's share price rose Ecu 0.06 to Ecu 1.27, while another sector which rose strongly, Nycomed, rose Ecu 2 up to Ecu 5.48.

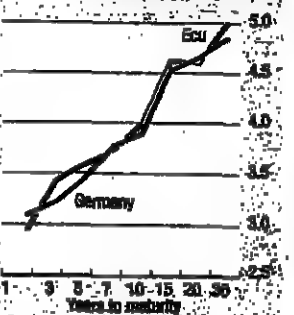
## EUROPEAN OVERVIEW

By Koenigsmann



## Bond yield curve

Per cent (December 23 1998)



## FTSE Actuaries Share Indices

Per cent (December 23 1998)

Dec 23			
National & Regional Markets	Dec Index	Dec %	Day's %
FTSE Europe300	1178.57		+1.80
FTSE Europe100	2722.65		+1.92
FTSE Ebock100	906.19		+1.69
FTSE EuroStoxx	1222.28		+1.25
FTSE EuroStoxx Index	1190.17		+0.57
FTSE EuroStoxx Ex UK	1185.79		+0.78
FTSE Europe300 by Region			
Europe	1233.14		+1.56
UK	1103.98		+1.24
Europe Ex-Euroblock	1136.56		+1.05
Europe Ex-UK	1223.48		+1.29
FTSE Europe Industry Sectors			
ASX200	7624.41		+1.90

## European bonds

Per cent (December 23 1998)

change basis	Yield gross %	net adj yield	Total return (Est)
+18.60	2.31	25.24	1214.32
+18.07	2.35	36.25	875.49
+17.08	2.10	15.03	1001.02
+17.00	2.98	2.03	1182.78
+18.39	2.35	2.51	1215.34
+20.47	2.37	0.38	1287.87
+18.98	2.05	21.88	1265.50
+17.76	2.76	34.88	1158.27
+18.47	2.50	27.80	1176.69
+19.11	2.08	18.98	1248.38
+19.94	3.92	36.22	970.63

## CURRENCIES & MONEY

### FT SYNTHETIC EURO RATES

Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 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4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 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12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 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22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 9	Sep 8	Sep 7	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Sep 1	Aug 31	Aug 30	Aug 29	Aug 28	Aug 27	Aug 26	Aug 25	Aug 24	Aug 23	Aug 22	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16	Aug 15	Aug 14	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Aug 8	Aug 7	Aug 6	Aug 5	Aug 4	Aug 3	Aug 2	Aug 1	Jul 31	Jul 30	Jul 29	Jul 28	Jul 27	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8	Jul 7	Jul 6	Jul 5	Jul 4	Jul 3	Jul 2	Jul 1	Jun 30	Jun 29	Jun 28	Jun 27	Jun 26	Jun 25	Jun 24	Jun 23	Jun 22	Jun 21	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13	Jun 12	Jun 11	Jun 10	Jun 9	Jun 8	Jun 7	Jun 6	Jun 5	Jun 4	Jun 3	Jun 2	Jun 1	May 31	May 30	May 29	May 28	May 27	May 26	May 25	May 24	May 23	May 22	May 21	May 20	May 19	May 18	May 17	May 16	May 15	May 14	May 13	May 12	May 11	May 10	May 9	May 8	May 7	May 6	May 5	May 4	May 3	May 2	May 1	Apr 30	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Apr 24	Apr 23	Apr 22	Apr 21	Apr 20	Apr 19	Apr 18	Apr 17	Apr 16	Apr 15	Apr 14	Apr 13	Apr 12	Apr 11	Apr 10	Apr 9	Apr 8	Apr 7	Apr 6	Apr 5	Apr 4	Apr 3	Apr 2	Apr 1	Mar 31	Mar 30	Mar 29	Mar 28	Mar 27	Mar 26	Mar 25	Mar 24	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Feb 29	Feb 28	Feb 27	Feb 26	Feb 25	Feb 24	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5	Feb 4	
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INTERNATIONAL CAPITAL MARKETS

KOREA DEAL SEEN AS INDICATING STRONG INTEREST BY INTERNATIONAL INVESTORS

Lone Star purchases loans from Kamco

By Louise Lucas in Hong Kong

Korea Asset Management Corporation has completed the first successful sale of securitised non-performing loans since it was mandated to take on distressed assets in November last year.

Lone Star Fund, a Texas-based fund that has recently been an active buyer of sim-

ilar portfolios in Japan, paid some \$100m (\$170m) to Kamco for its 70 per cent interest in an offshore special vehicle that will own the assets.

"This asset sale stands as a landmark transaction," said Heon Sang Moon, chairman of Kamco's management supervisory committee and president of Kamco.

The deal comes shortly after Moody's Investors Service put Korea on credit watch for a possible upgrade, suggesting a turnaround in perceptions.

Timothy Bardwell, executive director of Morgan Stanley Dean Witter, adviser to Kamco on the sale, said the deal would be a model for others to follow. The price

paid, equivalent to some 36 per cent of the outstanding principal balance, was marginally lower than the expected 40 per cent, and six large international investors - including Goldman Sachs and Bankers Trust - submitted final bids.

Korea passed its asset-backed securities law, which paved the way for yesterday's deal, earlier in the year. The law sought to facilitate such transactions by transferring tax reduction and simplifying property registration procedures.

Lone Star has acquired a share in assets worth some \$547m, largely made up of mortgage loans acquired from Korean financial institutions. The asset portfolio

is made up of loans secured on some 1,500 residential, commercial and other Korea-based properties.

"It does indicate there is a strong interest among international investors, who are now entitled to invest in real estate," said Mr Bardwell. "It is a strong indication of the sentiment of foreign investors in Korea."

Queue grows for high-yield issues in the new year

US mutual funds, insurance groups and leveraged buy-outs look set to continue their domination, writes Khozem Merchant

The launch this week of the first high-yield bond in a European currency by a European issuer, Brussels-based telecom company Hermes Europe Railtel, has cheered bankers. The issue comes after the recent launch of several dollar-denominated high-yield bonds.

With markets more settled after a round of interest rate cuts in the US, several issuers are joining the queue for high-yield issues in January. They include a \$675m bond by Willis Corroon, the UK insurer recently bought by Kohlberg Kravis Roberts, the US leverage buy-out house, Leica, the German camera maker, with a \$100m issue, and a \$200m bond from Virgin Entertainment, the UK media company.

Insurers and other fund management groups are thought to be setting up at least 10 dedicated high-yield funds in London to add to about 12 existing funds. Such funds are familiar in the US. As John Ewren, managing director of high-yield capital markets at Donaldson, Lufkin & Jenrette, says:

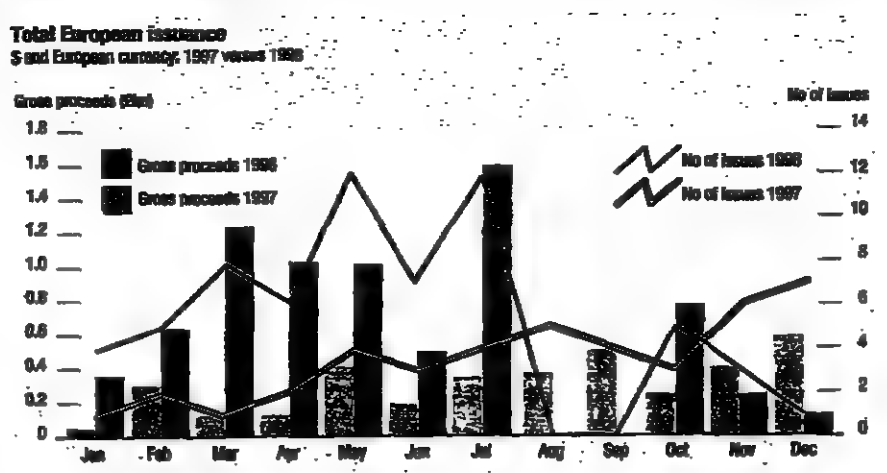
"If a US buyer has cash he will buy high yield. A European may buy high yield or other asset classes."

US mutual funds, insurance groups and leveraged buy-outs dominated the European market in the 18 months before its August demise. They are leading the charge this time, too. Houses such as Credit Suisse First Boston, J.P. Morgan and Merrill Lynch, have recruited high-yield specialists for London operations before a forecast "significant upturn in insurance in the first quarter", says James Amine, head of European high-yield at CSFB.

"Two months ago our outlook was for the new issues to pick up by autumn. But due to market stability we believe new issues will emerge in the first quarter," says Mr Amine.

The main impetus on the issue side will come from management buy-outs, mergers and LBOs as industry consolidations. "Investors will be looking to buy into consolidation [mainly telecoms] and not earnings," says Mr Amine. Low and falling inflation will encourage these types of credit. Telecoms take up about 60 per cent of European high-yield insurance - far greater than in the US. "The challenge is diversifying this base," says Mr Ewren at DLJ.

The German Mittelstand, full of capital-intensive companies traditionally dependent on bank finance, is regarded as ripe for high-yield insurance. Central European corporates, especially in Poland, may be contenders, too, because their home equity markets are undeveloped. Defaults will be one defining sign of just how much



risk there is in the market. Bankers say defaults will be outweighed by the high return from a portfolio of typically single B credits. Only one European issuer, UK telecoms company Ionica, which launched a dollar-denominated bond in March, has experienced trouble. It is talking to bondholders.

The key factor on the investment side is euro-convergence. In the recent volatility, government bond yields fell to historic lows. The yield on 10-year German bonds is 3.9 per cent, while the corresponding UK gilt is yielding 4.5 per cent. US 30-year Treasuries are yielding 5.15 per cent. Investors are therefore

forced to look for yield "down the credit curve", away from safe AAA credits, towards BBB or even sub-investment grade.

"European investors have never used the credit market as a source of yield," says Gary Jenkins, head of high-yield strategy at Barclays Capital. "But with convergence of bond markets and with currency speculation a thing of the past, they are now being forced to go down the curve in search of yield."

There are underlying factors fuelling this search for yield. The pensions burden in the euro-zone is forcing people to make their own provision for retirement. Their increased savings are inflating the pool of funds for investment by institutions, which are under pressure to find the best yield.

For the market to grow, a more pan-European investor base must emerge. Traditionally European high-yield paper has migrated to the US. "Half the investor base in Europe can only invest down to A- range. They are conservative investors focused on government bonds. This is changing, but slowly," says Mr Jenkins.

NEWS DIGEST

CREDIT RATING

Fitch IBCA downgrades Slovakia and Romania

Fitch IBCA, one of the leading credit agencies, has downgraded its ratings for Slovakia and Romania in response to the two countries' mounting financial difficulties. Romania's long-term foreign currency rating has been downgraded from BB+ to B. It has fallen below Bulgaria (B-) and is on the same level as Moldova and Turkmenistan. Among the former countries of east Europe and the former Soviet Union assessed by IBCA only Russia is rated lower at CCC.

Slovakia has lost its investment grade status of BBB- and has been downgraded by IBCA to the speculative grade of BB+, mirroring similar moves by Moody's and Standard & Poor's this year.

Romania faces "a serious currency and external financing crisis in 1999", unless it receives substantial financial assistance from the International Monetary Fund and the World Bank, IBCA said yesterday. In spite of the severity of the economic recession, with gross domestic product forecast to show a decline of 5 per cent this year, the deficit in the current account of the balance of payments remains at 7 per cent of GDP while the deficit in the budget (excluding privatisation receipts) is still about 5 per cent of GDP. External debt service payments are expected to peak next year at about \$3bn.

The IBCA report says there is "little prospect" Romania will be able to raise from private creditors the \$50n needed to cover external debt repayments and the current account deficit, given worsening investor sentiment towards emerging markets in the wake of the Russian crisis. Without substantial assistance from the international community there is a serious risk that Romania will be forced to default on its foreign debt, says the report. According to IBCA, the country's poor record in delivering promised reforms is making the IMF and international investors reluctant to commit new money.

Slovakia faces a tough challenge to raise the \$3bn needed in 1999 to finance current account and budget deficits, says IBCA. Kevin Dore

S&P demotes Japan banks

Standard & Poor's, the ratings agency, yesterday downgraded six leading banks in Japan. The troubled banking sector is at the heart of the country's economic woes. The economy is in recession and the government is under intense pressure to reform the banking sector.

S&P downgraded the long-term senior debt rating for Industrial Bank of Japan, Sanwa Bank and Sumitomo Bank from A- to BBB+. Dai-ichi Kangyo Bank's long-term senior debt ratings were reduced from BBB+ to BBB and Tokai-Mitsubishi Bank's from BBB- to BB+. The agency said all the banks were suffering from increased credit costs and would be burdened with substantial write-offs of unrealised losses on equity holdings in the second half of the financial year ending March. Khozem Merchant

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

BOND FUTURES AND OPTIONS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

INTERNATIONAL BONDS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

US CORPORATE BONDS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

US INTEREST RATES

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

UK BONDS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

UK INDICES

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

10 YEAR BENCHMARK SPREADS

Country	Issue	Yield	Change	High	Low	Est. vol.	Open Int.
Australia	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Canada	01/01	6.75	0.00	6.75	6.75	100,000	100,000
France	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Germany	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Italy	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Japan	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Netherlands	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Spain	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Sweden	01/01	6.75	0.00	6.75	6.75	100,000	100,000
Switzerland	01/01	6.75	0.00	6.75	6.75	100,000	100,000
UK	01/01	6.75	0.00	6.75	6.75	100,000	100,000
US	01/01	6.75	0.00	6.75	6.75	100,000	100,000

EMERGING MARKET BONDS

	Yld	Spread	Spread	
	Bds	Bonds	Trs	
Australia	5.49	+1.60	+0.75	
Belgium	0.40	+1.51	+0.66	
Canada	4.14	+0.25	-0.80	
France	4.06	+0.17	-0.18	
Germany	4.20	+0.35	-0.40	
Italy	2.49	-0.40	-2.20	
Netherlands	4.42	+0.33	-0.30	
Spain	4.74	+0.85	-	
UK	3.89	+0.10	-0.75	
US				
Source: Deutsche Bfaff International				
Percentages 1/2 flow line				
Percent yield basis				
	Yld	Day's	Min's	Spnt
	Yield	yield	yield	US
1,733%	0.06	-0.12	-1.30	+3.91
1,104%	0.00	-0.04	-0.40	+1.86
1,050%	46.89	+0.52	+1.04	+4.81
1,020%	14.87	-0.18	-0.83	+0.88
1,000%	10.58	-0.12	-1.05	+0.87
975%	14.97	-0.18	-0.08	+5.44
1,500%	8.84	+0.05	-5.16	+2.18
1,780%	8.12	+0.63	-2.24	+3.21
1,650%	7.98	-0.02	-0.90	+0.28
1,611%	5.60	+0.67	-0.23	+1.56
1,690%	1.98	+0.02	-1.71	+4.42
1,600%	12.30	+0.17	-1.21	+7.80
1,500%	8.74	-0.11	+0.10	+3.68
1,350%	13.63	-0.11	+1.63	+8.96
1,050%	8.44	-0.07	+0.07	+5.34
1,171%	12.21	-0.12	-0.44	+8.21

Source: Deutsche Bfaff International







COMMODITIES & AGRICULTURE

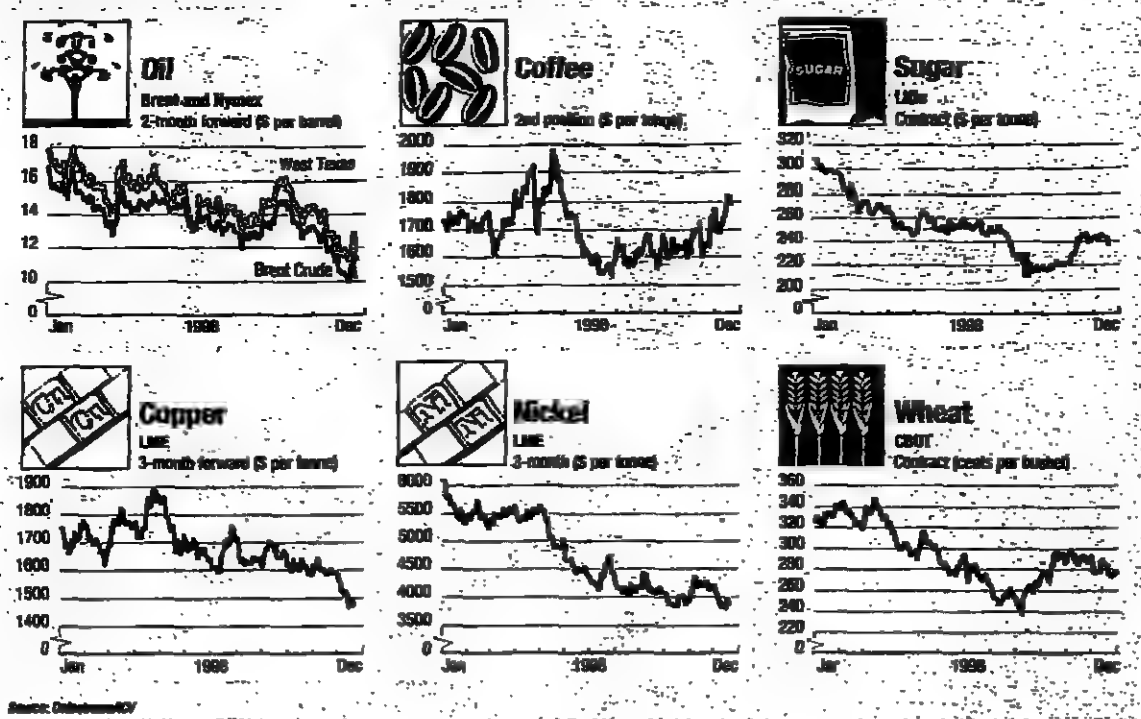
SAUDI ARABIA SHUNS OIL 'MANTLE' CLIMATIC AND ECONOMIC CRISES AFFLICT AGRICULTURE

Commodity prices dropped to historic lows in 1998, pummeled by falling demand in the wake of the Asian crisis and financial problems in Russia. Oil fell to a 12-year low, copper hit an 11-year low, while sugar reached a 10-year low. Most sectors told the same story, and the Bridge/Commodity Research Bureau Commodity Futures index, a basket of prices from the main markets, summed up the situation in early December when it hit a 21-year low. FT writers examine how the individual sectors fared.

Slide in crude surprises all

Blend futures hit a fresh 12-year low of \$9.55 a barrel. Saudi officials have talked about the probability of more cuts early next year. However, they want better compliance from other Opec producers before embarking on a new initiative. Many observers have been surprised that Riyadh did not act more decisively to prop up prices, given the sharp fall in its oil revenues. Some say it shows the degree of Riyadh's determination - or fear - of reasserting the mantle of the world's swing oil producer, a role it last played in the mid-1980s and one it has consistently rejected since. Others suspect it is trying to push some high-cost producers out of the market. However, given the global downturn in commodity prices across the board, the uncertain economic climate and the scale of the crude surplus, Riyadh may have concluded any sustained price recovery will be a long and slow process, largely dependent on events beyond the control of producers. The caveat would be an unforeseen and lasting supply disruption from a big oil exporter. But the cuts did not prevent prices from falling further. Earlier this week Brent

Commodities: review of the year



Asian freeze contracts prices

Base metals prices took a hard knock from the Asian financial crisis, sliding to their lowest since the recession of the early 1990s. Copper did even worse, with the London Metal Exchange's flagship three-month contract dropping below \$1,500 a tonne to its lowest for 12 years. Despite falling prices, few producers curbed supplies, allowing stocks to build. Later in the year, when economists predicted a slowdown in the US and Europe, base metals fell further. The nickel market was also hit by claims that a new, low-cost processing technique could double production in five years. The price fell to 11-year lows in October but recovered some

components, jumped to \$318 an ounce in April while gold stood at \$309. It rose on fears that exports from Russia, that account for about 60 per cent of world palladium production, would be held up. Silver's year was dominated by Warren Buffett, the legendary US investor. In February, it emerged that he had acquired almost 130m tonnes of silver, about 16 per cent of the world's stocks and enough to keep India, the largest consumer, supplied for a year. The price leapt to a 9-year high of more than \$7 an ounce, but drifted back throughout the year, finishing at about \$5. Analysts said silver had been another victim of the Asian crisis and falling demand for its industrial applications, such as photographic film.

Crops hit by year of turmoil

Soft commodities began the year recovering from the effects of El Niño, the global weather system that wreaked havoc with crops and prices in 1997. In its wake came its little sister, La Niña, which forecasters said would bring the opposite in weather. European and North American grain farmers saw strong crop production without the early weather-related fears materialising. In the US, for example, corn production - at about 8.84bn bushels - was the second highest on record. But then came economic upheaval in Asia and Russia, which depressed demand and by September wheat prices were close to 30-year lows. The oilseed sector was similarly affected, with the US producing a record soybean crop, at just over 54m tonnes. Production was also strong in Latin America. However, in the last three months of 1998 grain prices have begun to show a very modest recovery. US farmers are reluctant to sell at depressed prices and their ability to delay sales has been bolstered by November payments from a \$6bn aid package approved by Congress last autumn. European potato prices were boosted in November as heavy rain hit supplies from key regions in the UK, the Netherlands and Germany. UK farm prices leapt to about twice their levels at the same time in 1997, and the potato futures contract on the London International Financial Futures and Options Exchange more than doubled to over £200 a tonne. Robusta coffee futures began 1998 at about \$1,720 a

COMMODITIES PRICES

LONDON METAL EXCHANGE									
Prices from International Metal Trading									
ALUMINIUM 99.99% (1000kg)									
Dec	1234.25	1244.45							
Jan	1234.25	1244.45							
Feb	1234.25	1244.45							
Mar	1234.25	1244.45							
Apr	1234.25	1244.45							
May	1234.25	1244.45							
Jun	1234.25	1244.45							
Jul	1234.25	1244.45							
Aug	1234.25	1244.45							
Sep	1234.25	1244.45							
Oct	1234.25	1244.45							
Nov	1234.25	1244.45							
Dec	1234.25	1244.45							
COPPER 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
NICKEL 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
ZINC 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
LEAD 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
SILVER 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
PLATINUM 99.99% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
GOLD 999.9 (1000g)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
RUBBER 100% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
SUGAR 100% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
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Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
COFFEE 100% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
May	1023.25	1030.25							
Jun	1023.25	1030.25							
Jul	1023.25	1030.25							
Aug	1023.25	1030.25							
Sep	1023.25	1030.25							
Oct	1023.25	1030.25							
Nov	1023.25	1030.25							
Dec	1023.25	1030.25							
WHEAT 100% (1000kg)									
Dec	1023.25	1030.25							
Jan	1023.25	1030.25							
Feb	1023.25	1030.25							
Mar	1023.25	1030.25							
Apr	1023.25	1030.25							
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Nov	1023.25	1030.25							
Dec	1023.25	1030.25							



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OFFSHORE  
AND OVERSEAS

BERMUDA  
(FSA RECOGNISED)

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Bermuda Growth Fund, Bermuda Income Fund, etc.

BERMUDA  
(REGULATED)\*\*

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Bermuda Global Fund, Bermuda Equity Fund, etc.

CAYMAN ISLANDS  
(REGULATED)\*\*

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Cayman Growth Fund, Cayman Income Fund, etc.

GUERNSEY  
(FSA RECOGNISED)

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Guernsey Growth Fund, Guernsey Income Fund, etc.

IRELAND  
(FSA RECOGNISED)

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Ireland Growth Fund, Ireland Income Fund, etc.

GUERNSEY  
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IRELAND  
(REGULATED)\*\*

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GLOBAL ASSET MANAGEMENT (SAM)

Table with 4 columns: Fund Name, Currency, NAV, and % Change. Includes funds like Global Asset Growth Fund, Global Asset Income Fund, etc.

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	Males	Price	+W
Marroy Vegetables	F	585	
Midwest Electronics	F	3000	
Midwest Gifts Co's	F	120	
New Zealand	F	1220	
Recreational V	F	250	
John Atlantic Sales Co	F	220	
Unit Lin 013	F	220	
Northwest	F	4000	
Co. Limited CA	F	240	
Warrent	F	90	
Pacific Assets	F	415	
Sony II Warrants	F	20	
Pacific Maritime	F	220	
Warrants	F	10	

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\*In other countries, call directory assistance or ask your hotel concierge.

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Income	615	+10	675
Income	250	---	375
Income	615	---	740
Capital	650	---	650
Net Prof	225	-1	300

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## LONDON STOCK EXCHANGE

## TRADING VOLUME

Major Stocks Yesterday

Stock	Vol	Chg	Day's Change
FTSE 100	1,000	+1.2	+1.2
FTSE 250	1,000	+1.2	+1.2
FTSE 350	1,000	+1.2	+1.2
FTSE 400	1,000	+1.2	+1.2
FTSE 450	1,000	+1.2	+1.2
FTSE 500	1,000	+1.2	+1.2
FTSE 550	1,000	+1.2	+1.2
FTSE 600	1,000	+1.2	+1.2
FTSE 650	1,000	+1.2	+1.2
FTSE 700	1,000	+1.2	+1.2
FTSE 750	1,000	+1.2	+1.2
FTSE 800	1,000	+1.2	+1.2
FTSE 850	1,000	+1.2	+1.2
FTSE 900	1,000	+1.2	+1.2
FTSE 950	1,000	+1.2	+1.2
FTSE 1000	1,000	+1.2	+1.2

## Equities get back on the upside track

## MARKET REPORT

By Steve Thompson, UK Stock Market Editor

One more day to go before Christmas and still London's equity market refuses to lie down.

Another burst of rumoured and actual takeovers, mostly in the retail sector, gave a significant boost to sentiment and helped all the FTSE indices to make good progress. But turnover was much reduced after an initial burst. At the 6pm count only

474m shares had changed hands as dealers and investors began the countdown to Christmas.

It was not only takeovers that drove the market yesterday.

Wall Street continued its strong run on Wednesday night with the Dow Jones Industrial Average pushing up 55 points and finishing above the 9,000 level, even though the US Federal Reserve's open market committee left US interest rates on hold.

And the US stock market continued to make further

rapid progress early yesterday.

Dealers were slightly surprised at the extent of the gains yesterday. "It looks as if the market wants to go better. I think we'll have a go at 6,000 before the year-end," said one market maker.

The strategy team at CSFB concurred. "With equity markets remaining relatively perky and liquidity levels high in both a domestic and international context, it appears that fund managers are responding to pressure to put money into

the markets. The possibility of a final tilt at 6,000 looms larger and larger."

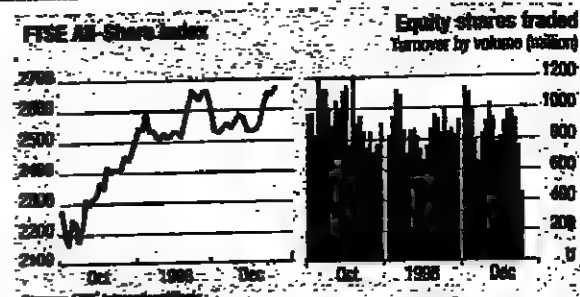
One of the few negatives putting a lid on the market came from Li Ka-shing, the influential Hong Kong industrialist. He prompted a minor sell-off on the Hong Kong stock market by complaining about the political direction of the former colony.

But, after a brief bout of uncertainty caused by Hong Kong's weakness, London moved forward without looking back.

Hopes that another cut in

UK interest rates will soon be on the way were encouraged by the minutes of the Bank of England's monetary policy committee, which showed that all nine members voted for a reduction in rates after the December 9/10 meeting. Points voted for a 50-basis-point cut and one, for 75 basis points.

The FTSE 100 index pushed up 85.5 to clear the 5,900 level and finish at 5,988.5, its sixth gain in the past seven sessions. The FTSE 250 rose to 34,710.0 and the FTSE SmallCap 12.8 to 2,044.4.



Index	Value	Chg	Day's Change
FTSE 100	5988.5	+85.5	+1.4%
FTSE 250	34710.0	+277.0	+0.8%
FTSE 350	2777.0	+27.0	+1.0%
FTSE 400	2877.0	+27.0	+1.0%
FTSE 450	2877.0	+27.0	+1.0%
FTSE 500	2877.0	+27.0	+1.0%
FTSE 550	2877.0	+27.0	+1.0%
FTSE 600	2877.0	+27.0	+1.0%
FTSE 650	2877.0	+27.0	+1.0%
FTSE 700	2877.0	+27.0	+1.0%
FTSE 750	2877.0	+27.0	+1.0%
FTSE 800	2877.0	+27.0	+1.0%
FTSE 850	2877.0	+27.0	+1.0%
FTSE 900	2877.0	+27.0	+1.0%
FTSE 950	2877.0	+27.0	+1.0%
FTSE 1000	2877.0	+27.0	+1.0%

## BP gains on merger optimism

## COMPANIES REPORT

By Peter John and Joel Kibazo

BP put in a striking performance as it emerged the company has probably cleared the last hurdle in its merger with Amoco of the US.

Analysts said the company was in a meeting with the US Federal Trade Commission on Tuesday night, and one oil analyst said BP was confident that the merger could be signed within the next three working days.

BP declined to comment on its discussions but one US source close to the company said: "It was a case of getting clarification on what it would take to make this thing run before the end of the year and that clarification was received."

Two of the company's "empowered managers", executives permitted to make decisions without board agreement, attended the meeting in Washington. It is also believed that the meeting was sufficiently important to demand the attendance of Larry Fuller, the Amoco chairman.

BP is also working on a strategy to prevent damage

ing share price volatility when the announcement is made. The creation of a \$100bn company listed in the UK is set to spark a heavy asset allocation programme by investment funds which will need an appropriate weighting in the stock.

BP ended 23% higher at 902p in turnover of 16m shares, the heaviest volume in the Footsie in an otherwise quiet day. BP was also the most active component in traded options.

In contrast, Shell Trans-

port eased to 365p in turnover of only 4.9m shares.

Nycomed Amersham rose 14% as the medical supplies company unveiled terms of a second deal with Novartis of the US.

Brokers said the three-year agreement would give Nycomed about 35 per cent of a US nuclear imaging market worth an estimated \$250m-\$350m in annual sales.

Bargain hunters went shopping for retail stocks.

Marks and Spencer brushed aside the latest profits down-

grade and continued to recover lost ground with the buying attributed to US investors and private client.

The shares added 3p to 417p in trade of 4.1m. Seymour Pierce Butterfield Securities was reported to have reduced profit expectations to a new low when it cut its current year profits forecast by another \$40m to \$760m having just reduced its estimate to \$800m only last week.

US interest was also reported in Next, the shares closing 10p up at 485p. Demand for Boots continued yesterday, the shares hardening 13p to 853p. However Merrill Lynch was said to have downgraded its recommendation on the stock from "accumulate" to "neutral". Kingfisher rose 5p to 646p while electrical goods retailer Dixons improved 8p to 830p.

SmithKline Beecham rose

25p to 830p and Glaxo Wellcome 27p to 820p. All the stocks continued to back in US approval for their drugs for Lyme's disease and AIDS. Barclays was held to a rise of only a penny to £13.15 by a cautious note from Schroders. The broker sees the core profitability of Barclays Capital as the key to its valuations but thinks that any downgrading in the investment banking arm might "warrant investors closing overweight positions".

A defence giant QinetiQ was a feature late in the day after it announced plans to split its civil aviation operations from its aerospace and defence activities. The shares put on 6p to 545p.

Analysts believe the move could presage a full-blown merger with British Aerospace's defence arm and lead to a cash payout to GEC shareholders. BA's shares eased 2p to 523p.

## FUTURES AND OPTIONS

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FTSE 250	34710.0	+277.0	+0.8%
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FTSE 950	2877.0	+27.0	+1.0%
FTSE 1000	2877.0	+27.0	+1.0%

## LONDON RECENT ISSUES: EQUITIES

Index	Value	Chg	Day's Change
FTSE 100	5988.5	+85.5	+1.4%
FTSE 250	34710.0	+277.0	+0.8%
FTSE 350	2777.0	+27.0	+1.0%
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FTSE 950	2877.0	+27.0	+1.0%
FTSE 1000	2877.0	+27.0	+1.0%

## FTSE GOLD MINES INDEX

Index	Value	Chg	Day's Change
FTSE 100	5988.5	+85.5	+1.4%
FTSE 250	34710.0	+277.0	+0.8%
FTSE 350	2777.0	+27.0	+1.0%
FTSE 400	2877.0	+27.0	+1.0%
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## FTSE Actuaries Share Indices

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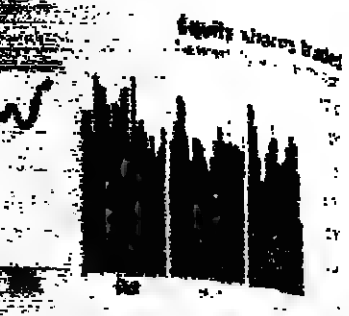
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EUROPE									
AUSTRIA (Dec 23 / Sep)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
ATX	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
BELGIUM (Dec 23 / Feb)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
BRX	3500.0	3450.0	3500.0	3450.0	0.0	0.0	0.0	0.0	0.0
FRANCE (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
CAC	3500.0	3450.0	3500.0	3450.0	0.0	0.0	0.0	0.0	0.0
GERMANY (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
DAX	3500.0	3450.0	3500.0	3450.0	0.0	0.0	0.0	0.0	0.0
GREECE (Dec 23 / Dec)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
ATHEX	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
IRELAND (Dec 23 / Dec)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
ISEQ	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
ITALY (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
FTSEMIB	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
NETHERLANDS (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
AEX	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
POLAND (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
WIG	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
PORTUGAL (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
BVL	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
SPAIN (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
IBEX	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
SWEDEN (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
OMXC20	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
SWITZERLAND (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
SIX	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
UNITED KINGDOM (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
FTSE 100	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
UNITED STATES (Dec 23 / Jan)									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
DOW JONES	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
ASIA									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
HONG KONG	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
SHANGHAI	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
TOKYO	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
AFRICA									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
JOHANNESBURG	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
AMERICAS									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
NEW YORK	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
SAO PAULO	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
OCEANIA									
Stock	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
SYDNEY	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0

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REGIONAL AND SPECIALIZED INDICES									
Index	High	Low	52w High	52w Low	YTD %	1m %	3m %	6m %	1y %
Australia (79)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Canada (21)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Europe (75)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Japan (14)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Latin America (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Middle East (9)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
North America (24)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
Pacific (10)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South America (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Asia (9)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Pacific (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Asia (9)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Asia (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Asia (9)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South West Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South Central Europe (11)	1430.0	1420.0	1430.0	1420.0	0.0	0.0	0.0	0.0	0.0
South East Europe (11)	1430.0	1420.0	14						



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INDEX FUTURES														LIVER										ZNF										DAILY										DAILY									
Open	Latent	Change	High	Low	Est. vol.	Open Int.	Open	Set Price	Change	High	Low	Est. vol.	Open Int.	Open	Set Price	Change	High	Low	Est. vol.	Open Int.	Open	Set Price	Change	High	Low	Est. vol.	Open Int.																										
1213.70	1254.80		1258.00	1250.50		362,228	Dec	3825.0		3850.0	3815.0	86,000	101,100	Dec	680.00	184.75	+12.00	195.50	680.00	1,584	38,401	Jan	680.00	184.75	+12.00	195.50	680.00	1,584	38,401																								
1228.50	1255.50	+10.80	1258.50	1250.50	942	7,652	Jan	3825.0	+18.00	3850.0	3815.0	86,000	101,100	Jan	680.00	184.75	+12.00	195.50	680.00	1,584	38,401	Feb	680.00	184.75	+12.00	195.50	680.00	1,584	38,401																								
1254.80	1255.50		1258.50	1250.50	942	7,652	Mar	3825.0	+18.00	3850.0	3815.0	86,000	101,100	Mar	680.00	184.75	+12.00	195.50	680.00	1,584	38,401	Apr	680.00	184.75	+12.00	195.50	680.00	1,584	38,401																								
1415.00	1388.00	-267.00	1417.00	1387.00	31,769	180,070	Mar	4800.0	6028.5	+1208.5	4820.0	11,108	55,182	Mar	7125.0	7170.0	+45.0	7214.0	7117.0	11,240	4	112,153	Apr	7141.0	7170.0	+29.0	7214.0	7125.0	4	2,047																							
1405.00	1388.00	-17.00	1405.00	1387.00	12	32,581	Apr	4820.0	+79.8	4820.0	4820.0	128	3,276	Apr	7141.0	7170.0	+45.0	7214.0	7125.0	4	2,047	May	7141.0	7170.0	+45.0	7214.0	7125.0	4	2,047																								

WORLD MARKETS AT A GLANCE

Country	Index	Dec 20	Dec 22	Dec 23	1999 High	1999 Low	% Ytd % H/E	Country	Index	Dec 20	Dec 22	Dec 23	1999 High	1999 Low	% Ytd % H/E	Country	Index	Dec 20	Dec 22	Dec 23	1999 High	1999 Low	% Ytd % H/E			
Argentina	Bovespa	17698.14	17627.23	17889.23	20848.47	2265	12882.54	1029	3.70	31.80						Peru	IBC	300	300	300	300	300	0.00			
Australia	All Ordinaries	2750.0	2750.0	2750.0	2861.40	104	2402.00	104	3.44	20.90						Philippines	Phil. Stock	4742.48	4820.46	4586.0	6176.08	224	3588.08	270	2.10	25.40
	All Mining	675.3	579.8	584.1	733.10	224	540.20	224								Portugal	BVL	10013.33	10208.78	10430.33	14682.84	224	9743.0	270		
Brazil	Ibovespa	1055.12	1087.73	1093.04	1428.88	266	882.08	170								Russia	RTS	60.44	62.16	65.25	41.01	01	31.51	01	0.00	0.00
	Novo Index	1055.12	1087.73	1093.04	1428.88	266	882.08	170								Singapore	SES All-Stocks	370.91	365.82	362.92	427.81	160	353.38	49	2.33	10.80
	Novo Index	1055.12	1087.73	1093.04	1428.88	266	882.08	170								Taiwan	TSE	1040.33	1012.02	1037.70	1888.75	193	858.49	270		
	Novo Index	1055.12	1087.73	1093.04	1428.88	266	882.08	170								Thailand	SET	54.00	54	54	104.21	01	51.45	2011	0.00	0.00
	Novo Index	1055.12	1087.73	1093.04	1428.88	266	882.08	170								U.S.	Dow Jones	9187.87	9182.1	9187.7	9350.30	204	8984.0	110		
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	Novo Index	1055.12	1087.73	1093.04	1428.88	266	882.08	170																		
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## THE NASDAQ-AMEX MARKET GROUP

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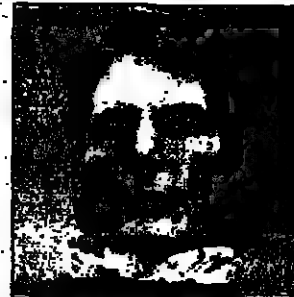
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## WEEKEND

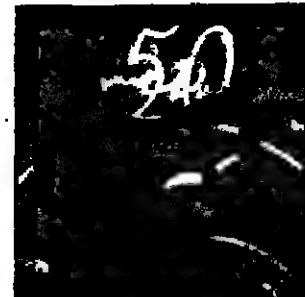
DECEMBER 24 - DECEMBER 27 1998



**Critic's choice**  
*'We had an action director doing a love story [plus flood damage] in James Cameron's Titanic'*



**Cinema verité**  
*'My calf measurement is 16in, the same as before I was injured. It looks like I could get up and walk away, doesn't it?'*



**Last waltz**  
*'People are saying this could be the last Come Dancing. You know, go out on the 50th anniversary'*

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### Michael Thompson-Noel begins a new three-part Jane Austen mystery...

**T**he late Carl Sagan was one of the century's heroes. I met him three summers ago, on a beach in Bermuda, and was struck by his dignity and aura of wisdom.

I did not know it at the time but Sagan - an astronomer, and the world's most celebrated science writer - was in the final months of a gruelling struggle against myelodysplasia, a bone marrow disease.

It was early evening. The beach was deserted but I thought I recognised the figure walking along the tide-mark, studying the flotsam and jetsam with an air of wonderment, as though they were alien treasure. I recognised Sagan because I had read most of the 30 books he wrote, co-wrote or edited, books full of marvels, and of marvellous speculations.

I waved. He stopped. The tide was at its lowest. We walked to the water's edge. I told Sagan I had read his books, most of them several times. He thanked me, and asked if I had been swimming. No, I said, I was waiting for my friend, who was snorkelling. "I never swim in the sea," I said. "Too afraid of sharks."

"Yet your friend doesn't fear them?"  
"Paul is 16," I said. "On the planet where Paul comes from they haven't got sharks. They've got long hair and acne, speed garage and snorkelling. But sharks, so far - not!"

Sagan laughed. I asked him where, in comparison with asteroids and exploding supernovae, sharks featured on the scale of cosmic dangers. As I finished my question I remembered that Sagan, among many honours, had an asteroid named after him, Asteroid 2709 Sagan.

He scooped up a handful of sand, and asked if I had seen anything as beautiful. "This is pink coral sand," said the astronomer. "Sand from a coral reef. Bermuda is encircled by a reef, which means the likelihood of you encountering a shark anywhere off this beach is negligible, though not as negligible - granted - as the chance of us being fried by a supernova halfway through this evening."

A seabird called. A tiny yellow crab scuttled from its hole. A breeze had started. Sagan let the pink sand trickle through his fingers. I could see how sad he was. "Don't lose your fear of sharks," he said at last. "Even our smallest worries are useful to us. Everyone experiences at least a dull background level of assorted anxieties which almost never disappear. Most of them concern our everyday predicament. On a larger



**He scooped up a handful of sand, and asked if I had seen anything as beautiful**

scale, some scientists worry about the threats to human survival. Endists, they are called. They speculate about Doomsday.

"There is a clear survival value in this constant buzz of background anxieties; in our winning recollection of past fear; in our mental testing of possible responses to dangers and problems. Anxiety is an evolutionary

compromise: painful for us in the here and now, but optimised so there will be a next generation.

My name is Jane Austen. I am a 94-year-old, American-trained, London-based private investigator. I was born in England but grew up in the American Southwest where my dad designed golf courses: more than 40 of them all told.

It just grows and grows. At the time of his death I was working as a corporate investigator in the Miami office of Kroll Associates. Miami is one of the most atmospheric, most pillaged cities on earth, but I was fed up at Kroll - no one should work that hard - so I jacked in my job and bought a house in London, near Marble Arch. To fend off bone idleness, I set myself up as a private investigator.

Not that I exert myself. I handle only one case at a time and pick them with great care. On average, I work six hours a day, four days a week, 42 weeks a year, and charge £2,160 plus VAT for a 24-hour week, plus status quo expenses. Put it like this: no one hires me to find missing cats or spy on errant spouses. London has 10,000 gunshots who will do that sort of work for poorhouse money, then lick their clients' hands in gratitude.

Not me; I think we have established that. And I do not work alone. I have an assistant, Paul Willson, whom I hired four years ago after advertising for a trainee investigator. Paul is 16, 5ft 8in and skinny, with long, coal-black hair. I pay him a good wage, and have always found him worth it. As well as training him to be an investigator, I am teaching him clothes sense and how to relate to women.

His father is a fishmonger. The family live in Ealing. I am invited there occasionally though they haven't yet visited me. Paul's mother, Vicky, always says she is astonished that Paul has found a job, let alone that her only son spends most of his nights at my house. "I dunno," says Vicky. "Relationships today. People must be barmy. But don't you take any nonsense, dear. Just send him home if he gets on your nerves." Sometimes, I take her at her word.

The other morning, I recalled my conversation with Carl Sagan when telling Paul about a new case I had agreed to work on. We were at the cafe on Baker Street where we sometimes have breakfast. We had finished our food so I lit a cigarette and blew a perfect smoke ring.

in an hour. He's an expert on Armageddon, or Doomsday - the end of the world. By the sound of things, there is plenty of money in Doomsday. Why am I not surprised by that?"

"Because you're a know-all," said Paul. "At least Lawrie sounds cool."

I blew another smoke ring, this time in his face. "I don't know about cool, Paul."

asked Paul. "What does it mean to be an expert on Doomsday?"

I told Paul I had read a book about Doomsday last summer, when the pair of us were on holiday in Trinidad. It was called *The End of the World*, by a philosopher named John Leslie.

"I bought it after meeting Carl Sagan in Bermuda," I said. "Sagan and I only talked for a minute. What he was mainly saying was that human anxieties are part of our evolutionary make-up. We couldn't be without them. I'd mentioned

my fear of sharks."

"Oh yeah, those sharks," said Paul, sounding much happier and baring his teeth.

"Sagan," I continued, "said that most people experience low-level anxieties. On a grander scale, however, some scientists study the chances of human extinction - the human end game. Well, Lawrie is one of them. I've no idea what this case will entail, but it should keep us occupied for a little while."

"What I wanted to tell you was that I plan to work longer hours on this case than usual, Paul. As you know, my attitude to work is super-relaxed. But I didn't tell Lawrie that. If I had, he might not have hired us. Anyway, we've had a slack time recently, so for as long as this case lasts we'll work as hard as ordinary geeks. Imagine you can handle that, Paul?"

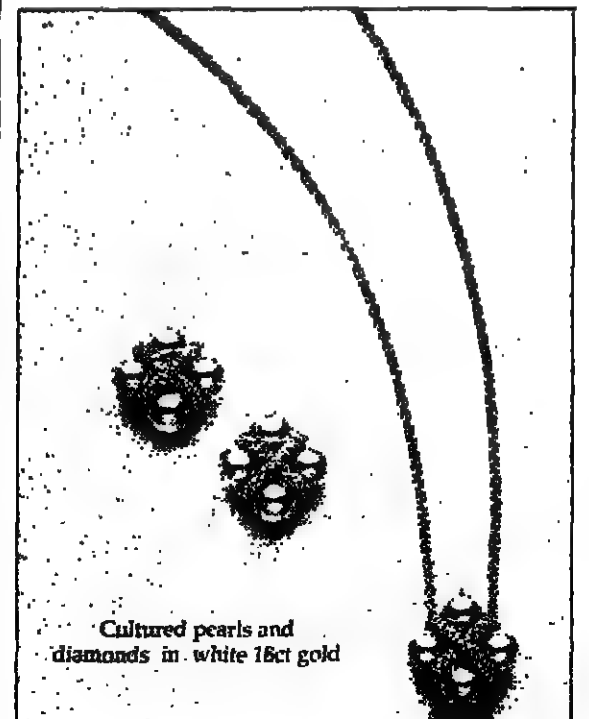
"Sure," he said. "Cool."

□ □ □

Patrick Lawrie rents one of several smart, airy offices in a red-brick mansion in Ormeau Court, in Bayswater, close to Kensington Gardens, only two stops on the Central Line from Marble Arch. I rang the buzzer and a pink-haired, tongue-studded receptionist on the ground floor told Paul and me to go to the third floor.

Lawrie's door was open, so in we went. He was sitting at a screen, reading e-mail. When he heard us enter, he swivelled to face us. He was fair-haired and 47-ish and might have been blandly handsome except that his face was heavily bandaged. He waved his right arm; the

Continued on Weekend IV



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### Ethics Today

#### Rumours of angels

*'Is religion bad for us? Perhaps all churches and places of worship should have a red light outside'*

Page III

### NEXT WEEK

#### Nasty dose of anguish

*'It was not divine providence but human improvidence which turned computers into engines of the apocalypse'*

In FT Weekend



## PERSPECTIVES

**B**eing brought up on a remote sheep station in New Zealand taught Jonathan Rutherford Best the importance of creating his own entertainment – a skill he has put to good use.

His company, Urban Productions, arranges parties that can cost anything up to the price of a small London house.

"We are all about drama," he says, as if to confirm what his mode of dress already made clear - brown striped jacket and patterned velvet scarf. Even among the props and costumes that take up the basement of the company's premises, he cut a theatrical figure.

Rutherford Best's company literature continues the theme, littered as it is with trendy maxims — "desire is our art," "life as it should be" — with not a passé capital letter in sight. But it is impossible to label him precious or pretentious — his dry Antipodean wit sees to that. His enthusiasm for the creative aspects of his work is infectious. And it all helps to make the parties he organises go with a swing. These might be to promote a new film, launch a new perfume, celebrate the anniversary of a magazine or the birthday of a celebrity.

Rutherford Best, 40, is as passionate about coffee as he is about partying, and his latest venture is the Urban Espresso Training School. Here, for \$70, you can spend three hours learning how to get the best out of your espresso machine.

"The coffee school is a slightly odd thing to be running," he admits, "because we are not selling espresso machines or coffee beans but a skill. When I first came to London in the late 1980s, I was horrified at what was being served and, even now, with the huge explosion in coffee bars, very few places make decent coffee."

"He has invested about \$20,000 in launching, publicising and promoting the coffee school, which holds classes for 10 at a time in the kitchen of Urban Productions' premises in Maida Vale, west London. Early students have included the food and beverage manager of the Savoy group of hotels and staff of The Ivy restaurant in London.



**Jonathan Rutherford Best, with a becostumed colleague, from a sheep station in New Zealand to a basement full of props in London**

## Minding Your Own Business

# Partying round the world

That's entertainment . . . organisation and profits, says **Grania Langdon-Down**

He has travelled many miles since he finished his geography and history of art degree in Christchurch, New Zealand. In 1981, at the age of 23, he went to Sydney and bought a small restaurant which he turned into *Pasteis*, a performance cafe with live music at lunchtimes and two shows a night.

The combination of good food and performance proved successful, but after five years he sold up. He went from the 50-seater *Pasteis* to work for the renowned restaurant Jeremiah Tower in San Francisco, whose *Stars Restaurant* could serve 260 people

at three sittings a night and turned over \$11m a year. "The restaurant was run like a military operation but was also highly creative," he remembers.

Rutherford Best worked there for a year. In 1988, he came to England and spent three years running the corporate hospitality and in-house catering section of the design company Newell and Sorrell. He also organised one-off parties for friends and contacts. It was at a party he had arranged for a couple in the film business that he was asked to organise the director Stephen Frears' 50th birthday

party and Urban Productions was formed.

He left Newell and Sorrell and went into business with another New Zealander, David Schofield, who left after two years to work for Channel 4.

Rutherford Best explains: "We financed our way into the business by doing events. We had no start-up capital at all." Their first office was in St Martin's Lane, in central London, with a kitchen in King's Cross. In 1994, they moved to Riverside Studios in Hammersmith, before buying the present premises in 1996 with a mortgage.

Three years ago, another New Zealander Peter Beardsley joined as creative director and now owns 5 per cent of the company to Rutherford Best's 35 per cent. Victoria Reid, an old friend from Sydney, is director of the coffee school. In six years, the company's turnover has risen from \$180,000 to \$1.2m. The recession of the early 1990s kept growth slow but in 1995 turnover leapt by 100 per cent and has seen a steady 20 to 25 per cent increase each year since.

Rutherford Best says: "This coming year is going to be a telling time for us."

The film company said launching the film cost the price of a small London house. But the party was featured in a television programme and received huge media coverage - paying for an equivalent amount of advertising would have cost millions," he says.

The company's work is split. About 30 per cent are corporate clients, mainly in the fashion, media, design and film world, and 20 per cent are private clients.

much of the same clockwork. It is no great surprise that there is a recognisable depressive condition in humans that comes on in the winter. Seasonal affective disorder. Sad as it is known to be triggered by the change in amount of daylight. Christmas, four days after the shortest, darkest day of the year, is boom-time for Sad sufferers.

Sad has been recognised for about 10 years. In the U.K. it affects up to 10 per cent of people in frosty New Ham and shire and only 1.5 per cent in sunny Florida. Short periods of exposure to intense light - even artificial light - in

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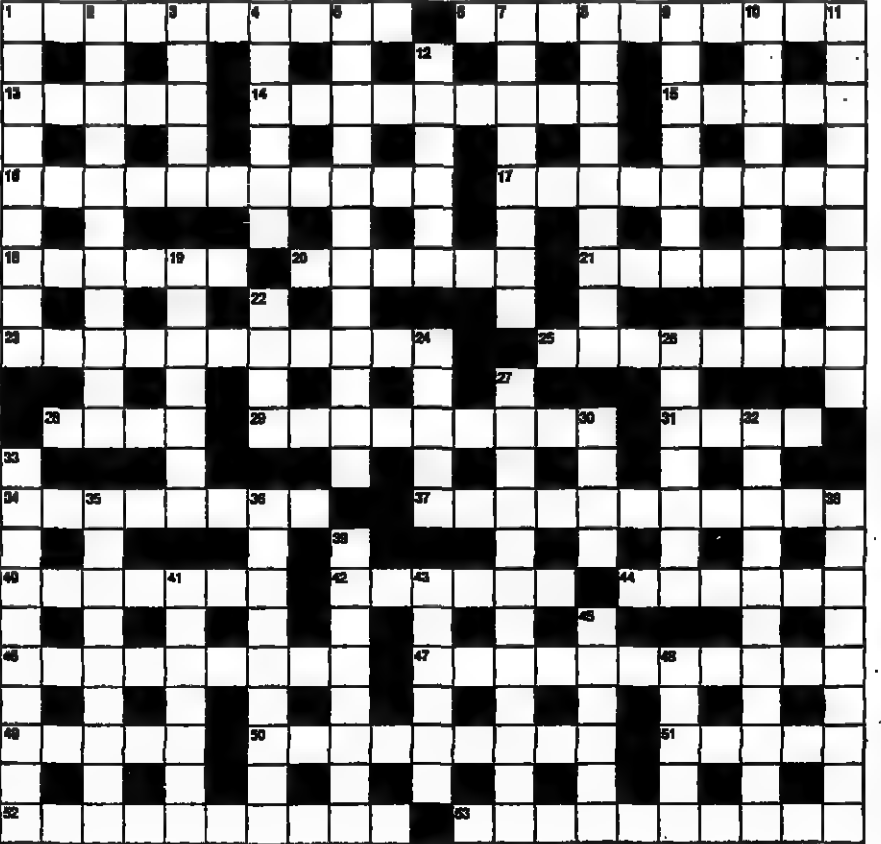
## CHRISTMAS CROSSWORD

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Eera Kid Finnish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday January 3, marked Christmas Crossword on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9EL. Solution on Saturday January 6.

100 years ago a compound was discovered which (when you have completed the puzzle) you will discover written diagonally from squares 6 and 23, with its formula in squares 2 and 3; the product for which it was used is the solution to 16 across.

## Set by Cinephile

- ACROSS**
- 1 Guardian of property's a little sweethairt keeping one in place (10)  
6 Make El Greco El Paso's leader before becoming a student (10)  
12 A person giving part of Odysseus Rx to Laurence Olivier (5)  
14 Fickle creature came without a letter to Trotsky (9)  
22 \_\_\_\_\_ 18P \_\_\_\_\_ directions from cuckoo-clock makers (5)  
23 With lighting restrictions one won't report at le-sus-sance (5,5)  
25 Historic \_\_\_\_\_ claims some VTP cured the lepers (5,4)  
26 Keep object and observer in suspense? (6)  
28 Big pun with bad breath (4)  
31 Duck, cat, duck, and goes on two wheels (7)  
33 Think ahead - spin-doctor refashioned Venice (11)  
35 Jewish doctor in \_\_\_\_\_ manner to the American (6)  
38 Capital of the Go Slow policy (4)  
39 Elephants make a pair at cards (3,6)  
41 Side with the advantage (4)  
44 A tiny speck among all the others, the last one would think it was the first (10)  
45 Is backward politician one among convicts that eliminate problems? (11)  
46 The little beast has 500 in eggs and twice as many diamonds (7)



- Dye that rhymes - with  
cuckoo? (6)
- Old which, we hear, at  
beast or molar (8)
- Old cat makes a  
clown and funny (9)
- Old snare - love, no longer  
with us - infer from that  
other data (11)
- None in the Garden this  
time (12)
- Turn of speech on bad road  
- he's reckless? (9)
- Setter's returning, is he, to  
the city? (5)
- With us that lost its  
tail and died: I planned the  
whole thing (10)
- Playwright on the water  
has nothing to answer - on  
your head be it. (4,6)
- DOWN**
- 1 Deer cooked with spuds -  
and nowhere to go? (7,2)
- 2 Pumps, if height is raised  
in the air, it becomes a trail-  
blazer (11)
- 3 Future in Croc'd? (5)
- 4 Divorce volume contains  
carbon monoxide (2,4)
- 5 Nutmeg - I planned the  
for a saint (Bede) with one

- Name \_\_\_\_\_  
Address \_\_\_\_\_
- 8 General agreement on  
direction in counting  
people (9)  
9 The French drunkard takes  
a pause in Africa (?)  
10 Long tale takes endless  
course – the focus is below  
(9)  
11 Supreme singer follows festi-  
val in Highland district  
(6,4)  
12 Very keen on poker: (4,3)  
19 Cave to appear unfashion-  
able (4,3)  
21 Tail end of queues ignored  
(4)  
24 Horseplay (5)  
26 Too many miles is nothing  
when Air Force matter  
rises up (?)  
27 Reform stated to be  
required – change in rates?  
(3,2,5)  
28 Only fish in the sea? (4)  
32 Last regular dies among  
I'm sorry to say – lots of  
lettuces etc (5,6)







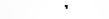









- 35 Giving no indulgence to Catholic priest turning up in trouble (8)
- 36 Woman KO'd him, surprisingly, in Moslem territory (8)
- 38 As I try expounding, it's a genuine quality (9)
- 39 Thousands wagered by descending (8)
- Solution 5,572**
- |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C | A | P | H | I | C | H | I | S | T | I | N | G |
| O | A | T | A | T | O | A | D | I | N | G |   |   |
| N | A | S | I | N | G | A | M | E | N | I | A | S |
| L | H | E | A | M | O | R | I |   |   |   |   |   |
| E | P | I | T | E | N | T | R | E | S | A | M | O |
| S | M | A | L | E |   |   |   |   |   |   |   |   |
| S | T | R | A | I | E | P | R | O | V | I | S | E |
| S | C | A | S |   |   |   |   |   |   |   |   |   |
| D | I | S | C | O | V | E | R | S | O | R | I | E |
| R | E | C | O | R | D | E | R |   |   |   |   |   |
| A | O | R | I | S | O | R | E |   |   |   |   |   |
| C | O | N | S | T | A | N | T |   |   |   |   |   |
| L | E | O | F | E | T | O |   |   |   |   |   |   |
| E | A | S | E | P | R | O | V | I | D |   |   |   |

- SOLUTIONS**
- 41 Answer to "Who goes there?" in Moslem territory? (7)  
43 Odd sort of nun keeping vigil  
45 Convinced with nothing on in the pool (6)  
48 Often helped Maquis in conflict initially relating to resistance (8)
- Solution 9,853**
- |   |   |   |   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S | L | I | G | H | A | N | D | S | M | A | I | L |
| H | O | R | E | T | C | E | F | B | E | N | P | E |
| K | E | A | J | A | C | K | E | N | V | E | R | E |
| R | U | E | A | O | S | E | F | E | C |   |   |   |
| M | U | S | I | C | A | Z | E | R | E | R | E |   |
| S | T | A | P | E | R |   |   |   |   |   |   |   |
| S | T | A | P | E | R | O | U | T | A | R | O |   |
|   | A | R | S | E | I |   |   |   |   |   |   |   |
| L | A | T | T | E | R | S | O | N |   | H | O | S |
| T | E | A |   |   |   |   |   |   |   |   |   |   |
| G | E | T | T | E | N |   |   |   |   |   |   |   |
| H | E | N |   |   |   |   |   |   |   |   |   |   |
| T | E | N | T | E | N |   |   |   |   |   |   |   |
| O | R | L | E |   |   |   |   |   |   |   |   |   |
| P | U | P | I |   |   |   |   |   |   |   |   |   |

- ♠ 7642  
 ♥ KQJ9  
 ♦ KJ63  
 ♣ 7
- ♠ A QJ10  
 ♥ 854  
 ♦ 1072  
 ♣ Q95
- ♠ K953  
 ♥ 1062  
 ♦ Q95  
 ♣ 643
- ♠ 8  
 ♥ A7  
 ♦ A84  
 ♣ AKJ1082
- Dealer: E                      Game: All
- | North | East | South | West |
|-------|------|-------|------|
| -     | NB   | 1C    | NB   |
| 1S    | NB   | 3C    | NB   |
| 4C    | NE   | 5C    | NB   |
- For a start, the auction was misjudged. Whenever you

- In no-trumps. As it was, over the 3C  
rebid, North could not rise  
to 4C, and could well to raise  
to 4S, so that South could  
try for the inferior, but still  
makeable, minor suit game.
- Against 3C, West led K♥.  
Facing two losers in both red  
suits, declarer won the lead,  
cashed 4AK, noticing the  
bad break, and then led 6♠  
and finessed with dummy's  
10♠. This lost to East's K♠,  
and two more hearts were  
cashed to defeat the con-  
tract.
- Declarer was right to pre-  
serve Q♠ in dummy as an  
entry, but he took the wrong  
kind of finesse. At trick four  
he leads 5♠ to dummy's A♠,  
and then plays Q♠. If East  
covers, South ruffs, draws  
the last trump with dum-  
my's Q♠, and throws two  
losers on his winning  
4♦10.

- tournaments and matches last a fortnight or more, attract few spectators, and thus require a sponsor to pay most of the sum for the prize money. If it were not for the support of the substantial Fide president Kirill Yumynshinov, and the backing of a few Dutch, Spanish and German companies and cities such as Hoogeveen, Fontys, Dortmund and Linnaea, "slow chess" at top level could collapse. Substitute events lasting one or two days, and you have more potential entrants, possibilities of global publicity via the Internet, lower costs, and the option of serious prize money.
- Last month Garry Kasparov and the world No 8 Vladimir Kramnik played a 34-game two-day blitz match at five minutes per player per game. It was a

- Be3 Bxc3 12 Qxc3 Qg6 13  
0-0 Nc6 14 Rf1c1 Bh3 15 Qc2  
Nxd4 16 Bxd4 Qe6 17 f3 Rf7  
18 Kf2 Rae8 19 Qd3 Re7 20  
Rc2 Rae8 21 Re1 Qh5 22  
Kg1? Bf5 23 Resigns.
- No 1263  
As a teacher solvable over the  
mince pies, try to fill in the  
blanks in this game score:  
?? ? ? ? ? ? ? ? ? 7 4 7 7 ? ?  
?? ? 0-0 mate. Seasonal
- 
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- # Stamp

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## **Labels International Moving Services**

*Crane's*  
SINCE 1801

Heath; D. Fox, Acocks Green, Birmingham; Miss E.M. Scott, Edinburgh

solid minor suit, your every fibre should be straining to play in no-trumps.

declarer merely discards a red suit loser, and continues to do so until K $\heartsuit$  appears.

which claims to arrange 2m games a year, and was available on pay-per-view at £10 for the match. Here's the

*Solution, Back Page*

1

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22 - 2000  
23 - 2001  
24 - 2002  
25 - 2003



## PERSPECTIVES

## Ethics Today

## Rumours of angels persist amid the chaos

While the passions of religion can kill, Hugh Dickinson says the benefits of belief still outweigh the monstrosities

Is religion bad for us? Perhaps all churches, synagogues, chapels, temples and places of worship should have a red light outside and a government health warning - "Religion may seriously damage your life". There's only too much evidence that it can be highly toxic for individuals and for nations.

If we tried to draw up a profit and loss balance sheet of things done "in the name of God", the weight of evidence on the debit side is horrifying. Burnings (books and humans), tortures, wars, crusades, *fajras*, racism and genocide are all on the list.

Holy books contain terrible passages which outrage the moral sensibility of any decent humanist. The expropriation of the land of primitive peoples by "Christian" countries has often been justified by an appeal to scripture. The Crusaders used it,

the Spaniards used it to justify their rape of the New World. Religion would wither on the branch.

But now we have Rwanda, Bosnia, Northern Ireland and, saddest of all, India and Pakistan threatening nuclear strikes because of deep religious animosities. Gandhi must be weeping among the angels.

All over the globe the most advanced "post-Christian" nations are realising that they have to pay more attention, not just to the organised institutions of the great world religions, but to the tides of religious passion which can sweep through whole populations and devastate the political landscape.

But the balance sheet does have another side, some of it pure gold. Much of it is only visible at close quarters in the personal lives of men and women living with a gracious, generous humanity that seems to trans-

cend any natural motivation. But there are also the great public crusades - liberating not imperialist - the emancipation of slaves, the leadership of Mandela and Tutu in the (comparatively) bloodless revolution in South Africa, the campaigns for education, health and care for the poor and the dying, movements for liberation and peace and reconciliation.

Add in all the music and art and miraculously beautiful buildings inspired by a religious vision, and the scales begin to balance.

How can this strange paradox be - such monstrosity and such beauty walking hand in hand? Whether or not we believe that there is, behind the universe, that *mysterium tremendum of factious*, the spellbinding and awesome presence who is the focus of all religious aspiration, we have to acknowledge that religion penetrates and touches

powerful nerves deep in the human psyche. It connects with the primal springs of our human identity and puts our little souls in touch with meanings, purposes and powers which are infinitely greater than ourselves.

Its daimonic energy can be channelled into both destructive and creative programmes. When it is hijacked to serve nationalist or racist campaigns or the interests of power hungry demagogues or fearful sects, it becomes a poison in the bloodstream of human society and purports to legitimise atrocities. Then the demons are let loose. Politicians beware.

But when the stream runs clear in an authentic spirituality it has powers to enlarge the human soul, to liberate us from the narrow fears and prejudices of nationality and race and class, to energe us with high ideals of justice and truth, to find often sacrificial paths to reconcilia-

tion, healing, forgiveness and peace.

All over Britain in parish halls and Methodist chapels - yes, all over the world - another generation of children and smiling parents have, in recent days, been re-enacting the Nativity with wide-eyed Marys clutching plastic dolls. People sing carols. Millions crowd in to midnight mass. Still the spell is woven for whole communities. Will they ask if it's true, and, if it isn't, whether they should pack it in next year?

No way. Intuitively people still want to live in the myth because it carries visions and values which still catch at their heart strings. They want their children to glimpse the vision of the Nativity before they are blinded by the world. It dreams not just of a rumour of angels but of justice for the oppressed, reckoning for tyrants, food, health and freedom for the poorest of the poor. The relief of third world debt,

not the colonising of the stars, is the dream of the majority of humankind. Now that would be a Christmas present.

But for those who struggle on the ambiguous boundaries of religion, weighing the pros and cons, belief may seem impossible on Mondays, Wednesdays and Fridays; faith holds us on Tuesdays, Thursdays and Saturdays. Sundays, Christmas and Easter may just tip the balance.



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## On the Set with the FT

## A window opens for a fighter who dares to hope

Christopher Reeve, filming a remake of a Hitchcock classic, dreams of walking again, finds Todd Shapera

After touch-up by a make-up artist, Christopher Reeve puffs into a plastic tube to power his wheelchair to position himself in front of two cameras. A sound man lowers a microphone boom to just above the former Superman actor's forehead.

In this television remake of Alfred Hitchcock's 1954 classic *Rear Window*, cast and crew brace themselves as actor Richie Koster prepares to slash the corrugated hose connecting Reeve to the ventilator which has been the actor's lifeline since he shattered the top vertebrae in his spine in a showjumping accident three years ago.

There are no special effects or stuntmen. Earlier, Reeve informed the director, Jeff Bleckner, of his wish to make it riveting by making it real.

"Initially, I was terrified," Bleckner concedes. He recalls telephoning Reeve's head nurse several times to ask: "Is it crazy?"

"If Chris says it is safe, then he can do it," she tells him.

Before shooting, Reeve also notifies his fellow actors: "I am not going to be foolish about something like this." He says it is a welcome exercise because "I haven't had a chance to breathe off the hose today".

Even though Reeve is dependent on the ventilator, he is adamant about doing the scenes this way; if he were still getting air from the vent, one could see his chest continue to rise and fall. The scene is safe, he feels, because he practises breathing on his own for 30 minutes a day.

Still, Bleckner establishes a distress signal. The clicking sound Reeve normally uses, a signal that never comes to be needed during three hours of filming.

*Rear Window* is Reeve's first starring role since his accident. The film, which was shown on American TV last month, deals with many dimensions of his paralysis. "This may be television's first window into the life of someone who is suffering from this extraordinary disability and is now trying to fight his way out of it and learn to accept it," says executive producer Steven Haft.

In the Hitchcock original, Jimmy Stewart is confined to his apartment while recovering from a broken leg. He and his girlfriend (Grace Kelly) become intrigued by their neighbours across the way. The film received four Academy Award nominations and is included in industry rankings of the top 100 movies of all time.

For the new version, screenwriter Eric Overmyer, lead writer of the award-winning television series *Homicide*, spent several days at Reeve's home to develop the intricate script.

In the opening scenes, Reeve receives physical therapy at Burke Rehabilitation Center, near his home. He is seen undergoing state-of-the-art rehabilitation, riding an exercise bike and walking on a treadmill, with the aid of electrodes which stimulate his legs.

The benefits of these workouts were evident when I paid a

visit to Reeve's home in the horse country north of New York City, a few days after *Rear Window* was completed. As he reflects on the film and his life, a nurse comes out to the patio to offer him sips of juice and check on his well-being. From time to time, he blows into a tube to adjust the tilt in his chair.

In khaki pants, polo shirt and running shoes, Reeve looks well-conditioned. "My calf measurement is 16in, the same as before I was injured," he says, gratified. "It looks like I could get up and walk away, doesn't it?" he asks pointedly.

Reeve's commitment to a gruelling conditioning routine is no trivial pursuit. He is committed to being able to walk again - setting himself the goal when his well-received autobiography, *Still Me*, was published last year. He wants to be on his feet to toast his 50th birthday, only five years away.

He is passionate, knowledgeable and voluble on the subject of scientific progress in spinal cord injury - explaining how some experimental drugs, IV-1 and LI, may stem nerve cell damage or stimulate growth in nerve cells. Maintaining a state of physical readiness is paramount if he is to become a candidate for participating in future human trials of the drugs.

Not that such conditioning can be taken for granted. His setbacks have included being hospitalized 11 times for dysreflexia, pneumonia, a collapsed lung, a broken arm, two blood clots, a possible hip fracture, and an ankle infection that nearly resulted in amputation. On the day that we met, he was running a 101 degree fever, the result of another infection.

Reeve is well aware that many in the disabled community view his dream of walking again as being in denial. One disabled television reporter called him a "sentimentalist". "I think that is

unkind, because I am not an idiot. I don't pursue idle dreams. I am a practical person, and being relatively newly injured, I accept that I am in a wheelchair.

Many in the disabled community view his dream of walking again as being in denial

But I also refuse to give up and say this is the way I will be for life," he says.

He still "dares to hope", and his celebrity and activism allow him e-mail access to cutting-edge scientists.

The nurse calls on us again and we return to our discussion of *Rear Window*'s exploration of sensitive issues involving masculinity and intimacy: "One of the main questions weighing heavily on a man in a wheelchair is doubting that a woman would ever look at him with anything more than just friendship in mind."

In *Rear Window*, a friend tells the Reeve character that his stunning architect colleague (Daryl Hannah) is attracted to him. Reeve's character replies: "I'm damaged goods. Contents broken during shipping and handling. Why would she want that?"

The actor was also concerned about being a leading man with his repertoire of acting tools limited to head movement, facial gestures and speech that must conform to the cadence of his ventilator. Hannah admitted she approached the project with some trepidation but said Reeve's

1975 conversation with Katharine Hepburn during their run of *A Matter of Gravity*, Reeve, 22 at the time, was already starting in a CBS soap opera *Love of Life*. Hepburn, he writes, "talked about how important it is to bring your own life experience to the work. She once said: 'You are already real; the character is fiction. The audience must see your reality through the fiction.'"

Surely, neither could have known how sage that advice would prove to be.

In two years, the newly formed Christopher Reeve Foundation has raised and donated \$1.2m largely for research in spinal cord injury. Much of the foundation's funds are funnelled to programmes sanctioned by the American Paralysis Association. Reeve is chairman of its board.



Former Superman Christopher Reeve: passionate, knowledgeable and voluble on the subject of scientific progress in spinal cord injury

"sparkle and gleam mesmerises you".

If anything brings out Reeve's high-wattage smile, it's his six-year-old son Will. In *Still Me*, Reeve writes that one day Will was overheard thinking aloud: "Daddy can't move his arms or legs, or sit up. But he can still smile."

As we talk, Reeve's wife, Dana, the heroine of his recovery, approaches. This afternoon, she is off to rehearse for a comedy, *More To Love*, weeks before her Broadway debut. (It closed after a few performances.) She reminds him she has prepared chicken parmigiana for his dinner with Will, and kisses him goodbye. "Throughout my life, Will plays baseball on the lawn."

For all of Will's playful spontaneity, his father is going through pained withdrawal, wishing he could play ball with his son, teach him to ski and more. "I haven't held my son in three years," Reeve confides. He pauses, then adds, that he has come to learn that in relationships with his three children "they just want to be with you and have your full attention".

For a month in the summer, Alexandra, his 14-year-old daughter from a previous marriage, came from England and accompanied him each day to the film set and became his assistant.

The star of four *Superman* movies in the 1980s, Reeve feels gratified by the filming: "There is a saying that sometimes when a door closes, a window opens. On my feet or not, *Rear Window* was one of the best opportunities that has come along for me. It was a terrific piece."

In the same category he places directing the 1986 television film *In the Gloaming*, feeling in his element throughout the inevitable script, casting and editing battles. Critical acclaim was followed by five Emmy nominations, and four Cable Ace Awards, including best dramatic special.

In *Still Me*, the actor recalls a 1975 conversation with Katharine Hepburn during their run of *A Matter of Gravity*. Reeve, 22 at the time, was already starting in a CBS soap opera *Love of Life*. Hepburn, he writes, "talked about how important it is to bring your own life experience to the work. She once said: 'You are already real; the character is fiction. The audience must see your reality through the fiction.'"

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## Clampdown in cloud cuckoo land

It's a rum deal, this latest warning on alcohol, insists John Willman

Christmas comes but once a year and when it comes it brings... large quantities of alcohol for most of us.

The festive season seems to be synonymous with exotic drinks such as Colonnade and Baileys, swigged down after excessive consumption of beer and wine at a carolous round at Christmas parties and dinners.

So it is easy to see why campaigners against alcoholic over-indulgence should choose this time of year to publish a book on the perils of the demon drink aimed mainly at families. *Alcohol*, according to the publisher, is an anonymously written satirical book of cartoons and verse designed to warn of the disastrous consequences of drug and alcohol abuse on the young.

The aim is certainly worthy and the book deserves a hearing for that reason alone. But there are aspects of the project and its backers that can only be described as... well... rum.

For a start, the content. To describe the text as verse is

pushing it a bit - doggerel would be a better description. It is structured as an A-Z, with the following a typical example: "Z is for loser As many of us pretend we are not."

Don't let's support alcohol... it just ruins the plot."

The cartoons are in the tradition of Leonardo da Vinci - they aren't funny. The above is illustrated by a crude sketch of an unkempt youth clutching two bottles and sweating profusely.

And the book concludes with an epigram that sounds strangely reminiscent of Chance, the simple gardener played by Peter Sellers who almost becomes a presidential candidate in the film *Being There*:

"If the roots in the garden are strong, Then all will be well in the spring."

This strange collection was launched at a bizarre "Devils and Angels" party held this month at a Chelsea "nite-spot". It brought together the *jeunesse doree* of London society to quaff large amounts of kfr royale and smaller amounts of Pete and Johnnies new age fruit drinks.

Those present included Sophie Anderson - the "bra model", as the tabloids have described her ever since her splendid *embodiment* was featured in advertisements for Gossard lingerie. Recently engaged to Robert Hanson, son of the business tycoon Lord Hanson, Anderson is well-placed to testify: she was treated for alcohol and drug addiction in an Arizona clinic in the spring.

Also present were England footballer Darren Anderson (no

relation) and Alexandra Aitken, another model who was dressed as an angel. She was escorted by her dad, who declined to follow the dress code by donning

into someone else's bad dream was enhanced by the speeches, which included brief but bland endorsements from the three celebrities and the reading of yet another poem about someone called Fifty, who sits on a cloud but may also be found under your hat.

This was read by John Mappin, one of the book's two backers and one of the family that founded Mappin & Webb, the upmarket jewellery chain. He has endorsed *Alcohol* after the death of 15 friends from drug addiction - drink was the first stage in their decline, he says.

He believes addicts can be cured forever in 24 weeks using a technique that has been known since the 1960s. He blames the pharmaceuticals industry for suppressing it to protect earnings from sedatives prescribed for addicts.

The cartoons are in the tradition of Leonardo da Vinci - they aren't funny

The cartoons are in the tradition of Leonardo da Vinci - they aren't funny

The cartoons are in the tradition of Leonardo da Vinci - they aren't funny

Mappin, who owns a string of London local newspapers, is a man with a strong sense of right and wrong. His papers are running a campaign against French Connection UK, the clothes retailer, to stop it using the slogan "FCUK XMAS" in its window displays.

He was also an adviser to Jonathan Aitken in his libel case against The Guardian newspaper - the collapse of which led to the charges against the former minister. "There is a lot more to that story than the public is aware of," is all he will say now.

The book's other backer is Ted Corbally Stourton, who also has a bit of a history. Four years ago he collared a thief who had allegedly stolen a 2800 painting from the family's Cork Street gallery, after pursuing him along the road. Vigilantism is evidently a family tradition: only

18 months before, brother Patrick had floored a blackguard making off with a mobile telephone from a car parked outside the same gallery.

Corbally Stourton founded Plume Publishing to bring out *Alcohol* after he was approached by the mysterious author, a "well-known figure" who prefers anonymity to avoid questions about his motivation. He sees it as his little contribution towards making the world a better place. "Nobody's yet got hold of the subject and given it a really good kick in the balls," he says.

Judging by the response of my three children - aged 11 to 16 and therefore the target audience - it may need a better targeted boot. They found the book risible.

"You should watch *EastEnders*," said Claire, the youngest. Like most children these days, she knows more than enough about the seamy side of life after years of viewing BBC-TV's popular soap opera. \* *Alcohol* is published by Plume Publishing, £15.95. Tel: 0171-8211553.



## PERSPECTIVES

Dispatches

## Coming home for the mating season

Migrants to the US return to Mexico to find love at Christmas, says Henry Tricks

You recognise them first by their new cowboy hats, which rise tall above the drooping sombrero of the bent-backed old peasants around them.

From there down to the tips of their crocodile-skin boots, they give a flawless impression of high-testosterone menace. Silk shirts printed with rearing stallions, gold rings the size of juncos, dusters, low-slung belts. The last time I saw men dressed like this was at a drug-boss funeral. But this is an altogether more uplifting occasion. On December 12, the day Mexicans devote to their patron saint, the Virgin of Guadalupe, young men from the western Mexican town of Valparaiso come home from the US to celebrate the bounty of another illegal – and equally unstoppable – trade: migration.

They behave as if they are coming home from a war. "Up there we were treated like lords," says Guillermo Zavala, a 25-year-old just home from carpet laying in Texas.

Every year, hundreds of thousands of Mexican migrants return home at Christmas, turning their backs on the lure of

the dollar and heading south for love.

For Zavala, it is the mating season, after months cooped up in quarters shoulder to shoulder with other male migrants. Others come looking for brides to build families north of the border. The older men at the bottom of the pole in the US return home to Mexico, their pockets stuffed with dollars, to take their seat for a few weeks a year at the head of the family table.

Their arrival is majestic compared with the perilous outward journey. Men who had to cope with dehydration, rattlesnakes, thieves and scorpions in the desert routes they take to evade La Migra (the US Border Patrol), return months later in aircraft, trains and automobiles dripping in chrome. Loaded down with TV sets, microwave ovens and other presents, they are greeted like swarthy Santas on arrival. Just

as celebrated is their bravado.

In a few weeks the money will have run out and most will retrace their steps northward again, running the gauntlet of a border that 290 Mexicans have died crossing this year.

But it is not just the winter cold and the seasonal lull in work north of the border that brings them back year after year. It is also a love of Mexico, which most say they would never leave if it were not for pitifully low salaries of \$3 a day, compared with \$6 an hour 45 miles away in the US.

"Look at these women," he continues, as he appraises a group of gaily dressed teenagers passing saucily by. "American women behave like they are queens of England. Here..." he leaves the sentence unfinished. The only reason we leave is because we just can't live on what they pay us here."

The same argument has prob-

ably been heard in Valparaiso for 100 years, since the first migrants from the state of Zacatecas crossed into the US when its silver-mining industry collapsed at the turn of the century.

Every year in December, Valparaiso presents itself for the return of those it celebrates as its risk-takers, migrants whose remittances have funded the local Red Cross, kept the town's economy afloat, and, of course, paid for lavish chandeliers in the Roman Catholic church.

Set at the end of a 65-mile road that gives up before reaching the fortress-like Sierra Madre mountains, the land is flat and arid, good for the hardy mesquite tree and little else.

For what scant land can be farmed, there are not enough workers. According to Jesús Robles, a wealthy local logger, at

least half of the families in Valparaiso have sons from 15 onwards working in the US, giving it one of the highest migration rates in Mexico. It is also a town with a stranded feel for much of the year, beautifully evoked by Robles's young wife, María Concepción Muñoz de Robles, who cannot quite disguise her nostalgia for the days when she used to prepare for the young men to come home, cooking, grooming the horses, buying dresses, doing her hair.

"Every day is a fiesta. Then suddenly in January the town is left alone. It's like a huge hang-over. There's a sadness, you can see it in people's faces, and the only faces are those of the old people. It is then that happiness dies," she says.

For now there is mischief in the air. Amid the rodeos, cock-fights, bulls and barn dances, the men are on a mission to pry

young women out from under the gendarme-like glares of their mothers. With new pick-up trucks, booming stereos and wads of cash, their lifestyle in one of the poorest farming areas in the country is palpable, and parental anxiety is palpable.

"There is a saying in this town," says Robles gruffly. "For the first week fathers are scared of them. Then for the second week, we have pity because we know they'll come begging for money to go back up north."

The migrants' intentions are, however, often honourable. Every year, dozens of couples get engaged and promptly book their wedding date 12 months later. This December, the church in Valparaiso has been booked solidly for three weddings a day since last year. In the interim, young men have saved up their wages for the blow-out of a lifetime. Bands are booked from

Mexico City at \$15,000 a night.

Juan Manuel Padilla, a researcher who has written extensively on migration, knows all too well the wedding backlog in Valparaiso. He has a cousin there who for months has been trying to book a date in December to no avail. The reason? "Ask any young woman what she would like to do with her life, and the answer is always the same. Marry a migrant and get the hell out of here."

According to Padilla, the migrants provide up to an estimated \$1m a day to the state of Zacatecas, more than two-thirds of the state's farming produce. He also estimates that 7m Mexicans living in the US send home more than \$5bn a year, almost as much as the tourism industry.

But not all give in to the lure of the dollar, and a proud few would never set foot on US territory – such as the group of mariachi musicians dressed in slick red and silver uniforms in Valparaiso's church last week. While others in the town looked north for their hopes, they were gazing up to the serene face of the Virgin of Guadalupe above the altar, and serenading her on her feast day with violins, trumpets and guitars.

## Save the last dance for the BBC

Sex, attitude and high drama characterise one of the latest sports to qualify for the Olympics, Michela Wrong reports

Bostik glue, instant tan cream and a tub of Vaseline. These are essential tools of the trade for the girls in their team tracksuits perched at the back of the coach travelling along the M4 to London.

The Bostik played a multitude of roles, from stiffening hair into tight curls to sticking on rhinestones and ensuring clip-on earrings stayed in place mid-routine, rather than flying out to strike a member of the audience.

The instant tan, applied, it seemed – given their uniformly bronzed limbs – by the generous cupful, prevented pallid Anglo-Saxon skins from being bleached out by the scorching lights.

And the Vaseline, smeared across the front teeth, stopped the infamous "fixed grin" – as much a part of the competitive ballroom dancing world as flesh-coloured fabric and pert male buttocks – from becoming painful as upper lips dried out to bare gums.

Selected to represent Britain at the Come Dancing 50th anniversary gala at the Royal Albert Hall, the formation team from the south Welsh town of Ystrad-Fawr already knew it was doomed to be beaten. A frighteningly superior German rival would be competing, which, as coach Philip Perry acknowledged, "has won the World Championships more times than I care to remember."

But the point was to go down fighting. "We want to show that we're international class," said Pamela Richards, team captain, who has been dancing since she was six. "We want to force the Germans to dance their very best."

Perry, whose dancing school and enthusiasm lie behind the incongruity of Ystrad-Fawr, a

nondescript former mining town north of Cardiff today being a centre of dancing excellence, confessed to being a little on edge.

He was worrying about the problem of maintaining the geometrical lines crucial to formation dancing in the Royal Albert Hall, a circular venue. And he was picturing the worst case scenario for his 18-member team.

"I just hope no one falls over in front of the cameras. It can happen, even to someone who never normally trips, and then they

alring on national television these days, has never managed to shake off its slightly comical image. Like its 80-year-old founder, Eric Morley, it smacks of a bygone era: of Mecca halls, big bands and powder-puff skirts; of days, recalls Morley, when talking to a girl in the street was considered offensive, women who chewed gum were little better than whores, and the ballroom was one of the few places where a chap could take a girl in his arms without her kicking up a fuss.

At its height, the programme boasted 12m viewers. When numbers slumped to 2m a couple of years ago, the BBC stopped staging the show and many assumed Come Dancing was finished. Last year it was reinstituted after what Morley describes as "a huge outcry", and numbers revived. But everything, he says, depends on what time the BBC transmits the show and how much effort it puts into selling it abroad.

"It's got a tremendous following among young people. But they have to go to school and if it goes out at 11pm they won't stay up." Exasperation with what he regards as limp marketing efforts by the BBC lies just below the surface. "This is a man, after all, who saw his other great invention – the much-despised Miss World – attain a global audience of 2m while being snubbed by British terrestrial television."

Certainly, on the big night itself, there is a distinct feeling that we have come to bury the show, rather than praise it. In the bowels of the hall, Ystrad-Fawr's team – a group of unashamedly amateur group embracing a benefit officer, schoolteacher, hairdresser, physiotherapist and a couple of big-bodied students who look as

though they've walked straight off the rugby pitch – are limbering up, awash with adrenaline. But the audience is already so heavily into nostalgia mode that Come Dancing's funeral rites only remain to be announced.

There are black-and-white clips from past programmes, frail presenters hauled out of retirement to conjure up faded anecdotes, and presenter Rosemarie Ford – a cross between a British Airways stewardess and a kindergarten monitor – is addressing the audience with the patronising cheerfulness reserved for the hard-

of-hearing. In the greying crowd, falling well short of capacity, the odd pair of crutches can be seen.

But then the dancing starts, and the Brits' camp nastiness mercifully evaporates. A charge runs through the hall. This is an audience that knows its rumba from its samba, recognises a fancy piece of footwork when it sees it, and appreciates the fact that the dancers gathered here tonight are as good as it gets.

Donnie Burns and Gaynor Fairweather, two veteran champions returned from retirement, dance the paso doble. Their brooding

black silhouettes drip arrogance. Here is sex, here is attitude, here is high drama.

Watch Karen Hardy's sinewy legs as, cavorting in what looks like a shredded black handkerchief, she struts through a taut cha cha cha; or Marcus and Karen Hilton, reigning world champions, as they execute a seamless quickstep, and ballroom dancing's appearance in the Sydney Olympics in 2000 no longer seems absurd.

The level of skill, the energy expended, the years of training that have clearly gone into mak-



Ballroom dancing's appearance in the Sydney Olympics in 2000 no longer seems absurd...

Gail Lewis

broken his arm. "There must be at least 40 pubs within half a mile of here," I told Paul. "Try them all."

I wasn't worried about him coming to grief; Paul doesn't drink. "Also, try the off-licences and the Chinese restaurants in and around Queensway," I said. I caught the Tube back to Marble Arch and spent an hour dipping in and out of *The End of the World*, after which I tapped into the Domesday web site. By now I had recalled that Endists are not universally pessimistic. They do not believe that the demise of homo sapiens is inevitable. But they certainly cover their bets.

For example, in *The End of the World* John Leslie says he feels inclined to state that the probability of the human race avoiding extinction during the next 500 years is encouragingly high, perhaps as high as 70 per cent.

"Still," he adds, "it's extremely hard to be sure. Mere expressions of confidence in the resilience of human beings, the cleverness of scientists, the wisdom of our elected representatives, strike me as sickeningly glib. Although the imminent extinction of humankind is the constant theme of crackpots, it might conceivably be very likely."

Paul got back to my house at 8.20pm. He had had no luck in Bayswater. No one in the pubs or restaurants he

had visited could remember two men who resembled those who had attacked Patrick Lawrie. Paul and I had some food. Then I told him to start reading *The End of the World*, as preparation for studying the Domesday web site.

I went to bed at 11.45. I felt wrecked. Ten minutes later Paul entered the bedroom, threw his clothes in a ball on the floor, and disappeared into the bathroom. I could hear him cleaning his teeth. Less than a minute later he stalked back into the bedroom, grinning like a wolf.

I rolled my eyes and sniggered. "Dear God, Paul," I said. "I've spent 10 hours reading about the end of the world and wondering who could have it in for a seemingly harmless guy like Patrick Lawrie. I've read about every possible type of catastrophe that could wipe us all out. A third world war. Destruction of the ozone layer. Return of the Black Death. Alien conquest. But none of them, Paul, sounds nearly as gruesome as what you have in mind."

"Shut up," said Paul. And flicked out the light.

■ End Game is a work of fiction. All main characters, and all events, are entirely imaginary. Any resemblance to persons living or dead is coincidental.

NEXT WEEK: the second chapter (of three).

From Weekend 1

other one was in plaster. "Morning," I said. "I'm Jane Astor and this is my assistant, Paul Willson. Your face must hurt. It looks as though a little piece of Domesday reared up and smacked you. How can we help?"

"The people at Kroll said you could be a comedian," countered Lawrie, but not in an aggressive way. Paul snickered. Both of us ignored him. Yes, said Lawrie, his face hurt like hell and so did his arm.

"Who attacked you?" I asked. "What did they want?"

"There were two of them," said Lawrie. "It happened just up the road from here, three nights ago. It was close to 11pm. I often work late. I was walking to Queensway Tube and noticed two men, scruffily dressed, lounging against the wall of the property on the corner. Both were holding beer cans. I didn't pay them any attention until I was level with them, at which point one of them smashed his beer can into my face. Then they piled in. I hadn't said anything to them. My arm was broken when one of them kicked me. Fortunately, the beating finished as abruptly as it started. They just ran off, as fast as the wind."

"They didn't try to rob you?"

"No."

"And they didn't say anything?"

"No."

"And they looked like scruffs?"

"That was my first impression, but I have subsequently revised it. They were casually dressed, and both were unshaven. But they knew what they were doing. And they were very, very fit; they certainly weren't drunk. It felt like being attacked by a couple of – you know – Thai kick boxers. Not that I have been attacked by Thai kick boxers. In my entire life, no one has ever hit me. No one. Ever."

Lawrie paused, and felt his face. "It was puzzling," concluded Lawrie, "and exceptionally frightening."

"Their ages?"

"Early to mid-30s."

"And you'd like me to find them?"

"I want more than that," said Lawrie. "I want you to discover if the attack had anything to do with my work."

"And what is that exactly?"

"I'm a science writer and publisher," replied Lawrie. "When I was a practising scientist, my fields were post-Darwinism and artificial evolution. I won't bother to explain. They're really not relevant."

Lawrie told me that 15 years ago he had become especially interested in the

history and philosophy of science. "I wrote a couple of books," he said, "which sold fairly well. Then, I became fascinated by so-called endism: the contemplation of mankind's possible extinction some day soon. There are numerous ways we could become extinct. Jane Endism is naturally concerned with our species' technological adventurism, but it also embraces the latest ideas in physics and cosmology. The prospect of human extinction is real, but try telling that to the politicians."

"I know a little about endism," I told him. "Last summer I read John Leslie's *The End of the World*. I bought a copy following a chance encounter with Carl Sagan in Bermuda."

Lawrie ignored my name-dropping. "Good," he said. "*The End of the World* provides an excellent overview of the subject, as does the Domesday web site. I launched three years ago with two partners. The web site is starting to make seri-

ous money. It describes and assesses the numerous threats mankind faces. These, as you'll know, include well-known risks, such as nuclear, biological and chemical warfare; natural disasters, including asteroids and volcanoes; new technology catastrophes: annihilation by aliens; and unimagined or unimaginable dangers that scientists categorise as something-we-know-not-what."

"Serious money?"

"Pardon?"

"Your web site is making serious money?" I said, wondering how many brain cells Lawrie's beating had cost him.

"Increasingly, yes," he said. "It costs \$33.99 per year to subscribe to the Domesday site, which has 32,600 subscribers worldwide, with sales rising fast. None of us expected it to be so successful."

"So why is it?"

"It has clearly touched a nerve. Its subscribers include thousands of scientists, but also thousands of

non-scientists. The site is well organised and edited, very up to date, highly responsible and relatively unjargonised. Its tone is strictly objective, and the navigation first-rate."

"The contents include speeches or adaptations of papers by top scientists and others, covering topics and viewpoints related to the site's overriding theme: the chances of man's extinction."

"And you think the attack on you could be related to the web site?"

"I can't think what else."

"Are you saying that somewhere on your web site you've fingered some reckless research scientist or corporation whose activities pose a threat to mankind, and that they arranged for you to be attacked because you've exposed them? If the stakes were that big, they would have killed you, surely?"

"Look, I really don't know," said Lawrie, sounding worried. "It's all I can think of."

Out on the street again, I told Paul to spend a few hours checking local pubs to discover if he could find someone who recalled seeing the thugs who had rearranged Lawrie's face and

broken his arm. "There must be at least 40 pubs within half a mile of here," I told Paul. "Try them all."

I wasn't worried about him coming to grief; Paul doesn't drink. "Also, try the off-licences and the Chinese restaurants in and around Queensway," I said. I caught the Tube back to Marble Arch and spent an hour dipping in and out of *The End of the World*, after which I tapped into the Domesday web site. By now I had recalled that Endists are not universally pessimistic. They do not believe that the demise of homo sapiens is inevitable. But they certainly cover their bets.

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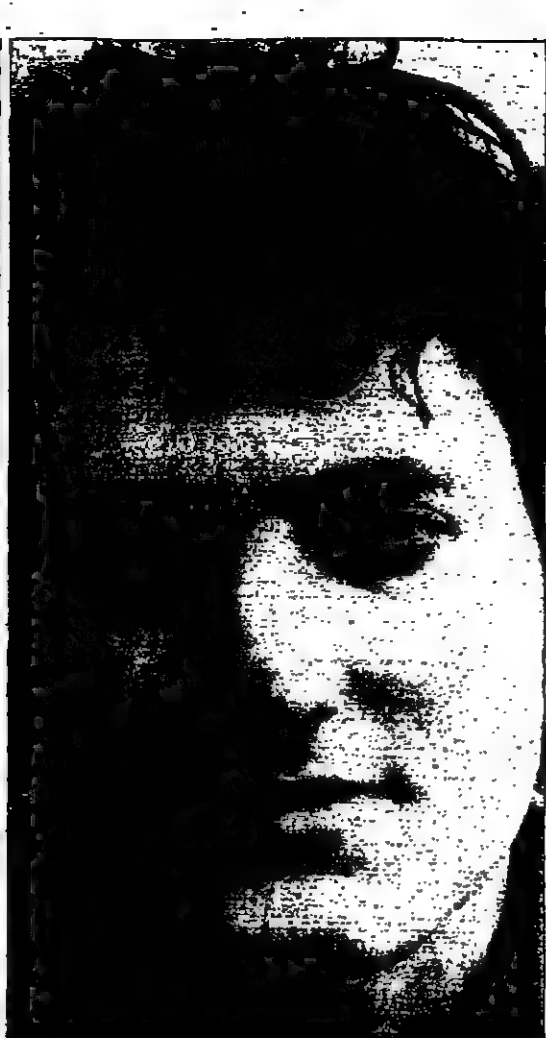
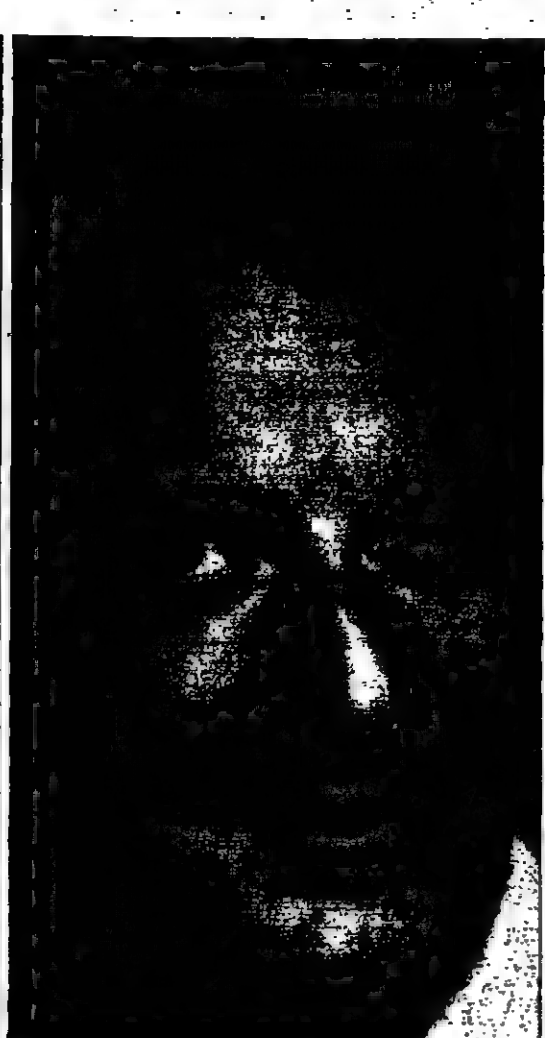
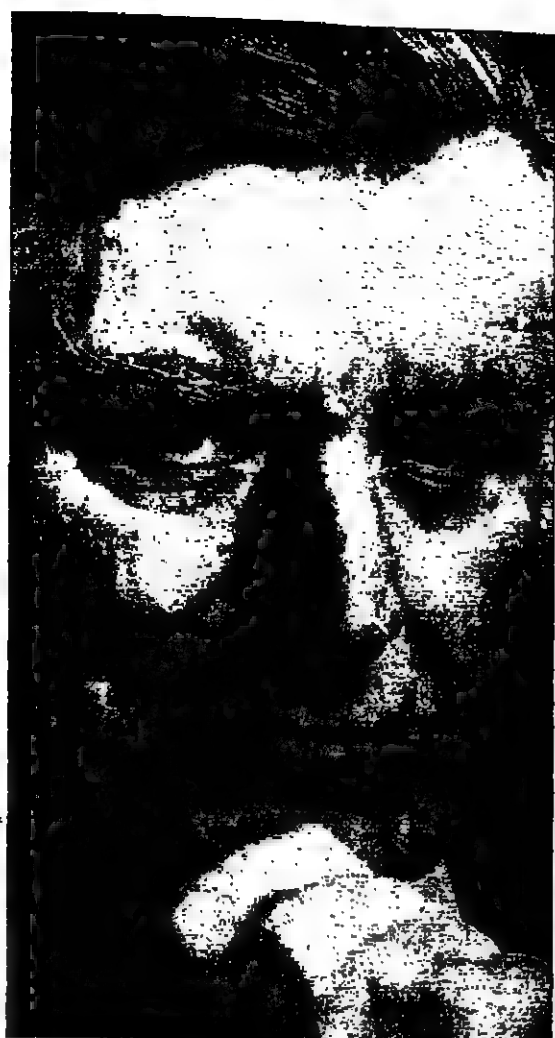
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NEXT WEEK: the second chapter (of three).

السلامة



BOOKS



Poet Laureate Ted Hughes (left): the year was dominated by his death; Andrew Motion (second left) is his possible successor; Tobias Hill suffered boom and bust on the same day at the hands of OUP; and newly published Paul Farley made the Whitbread shortlist

# A year with no poetic justice

Poetry has been in the best-selling lists all year, but the Laureate is languishing and OUP has ended its poetry list, writes Peter Forbes

It was a year of wilder mood swings in poetry than usual. Poetry has never been out of the best-sellers all year, with the BBC's *The Nation's Favourite Poems* and *The Nation's Favourite Comic Poems*, Ted Hughes's *Birthday Letters* (Faber), and Penguin's mini *Poems of World War I*. The Poetry Society won almost £500,000 of lottery cash for "Poetry Places", a project that is putting poets in cutting-edge locations such as London Zoo, a north sea gas rig, Marks & Spencer, and Macclesfield.

But at the end of November Oxford University Press announced the end of their poetry list, by common consent the second most prestigious (after Faber's) in the country. Ironically, one poet, Tobias Hill, experienced boom and bust simultaneously. He has the Poetry placement at London Zoo; his new book, *Zoo*, was launched by OUP at that establishment and on the very same day Hill received notification of the list's demise.

A chorus of condemnation descended on OUP's head, not just from the aggrieved poets but from the great and the good of academia and literature. OUP's defence of the action by Ivon Asquith, managing director of the academic division, goes something like this: OUP is an academic press, they've never published fiction so

why should they publish poetry? But a glance at OUP's General Books (sic) catalogue reveals books like the *Oxford Book of English Short Stories* ("From Dickens to Ian McEwan"), *Murder on Deck: Shipboard and Shoreline Mystery Stories*, *Detective Duos* - "academic" "No fiction" The truth is that OUP has been a general trade publisher as well as an academic publisher for many years. Oxford logic always was rather shaky but the upshot is the worst blow poetry has received for many years.

What all of this means is that, as in so many aspects

**Oxford logic was always shaky, but this is the worst blow for poetry for many years**

of national life, poetry has succumbed to polarisation - the few best-selling poets become even more well known, but the middle ground, the infrastructure of respected magazines and trade poetry lists is declining. There will always be little presses and fanzines and little cliques devoted to poetry, but the ethos that once supported the OUP list

has gone, along with magazines like the *Listener* and *Encounter*. The approach of the millennium finds the editors and critics assembling their kits of those parts of 20th century poetry fit to be smuggled into the 21st. Two anthologies dealing with poetry since 1945 have appeared: Simon Armitage and Robert Crawford's *The Penguin Book of Poetry from Britain and Ireland since 1945* and Sean O'Brien's *The Firebox*. They cover very similar territory, a territory that has provoked the irritation of one reviewer because of its inclusion of the zone "and... Ireland", which appears in so many such anthologies even though Irish poets are represented almost exclusively by those from the North, which is still part of the UK. The reason of course is Seamus Heaney's hostile reaction, back in 1982, to being given centre space in *The Penguin Book of Contemporary*

*British Poetry* [my emphasis]. Armitage and Crawford also smuggle in a few poets from before the war, with poems written since 1945, such as Eliot, Stevie Smith and MacNeice. O'Brien's is more focused on the recent poets. Both are notably Celtic in feel and in O'Brien's case North of England. O'Brien by default has inherited the mantle of the post-critic of his time - a job once held by Al Alvarez, Ian Hamilton, and more recently, by Blake Morrison. O'Brien backs up the aesthetic behind *The Firebox* with his critical book, *The Derelict Muse* (Bloodaxe). O'Brien has a reputation as a bruiser, as did Ian Hamilton, but *The Derelict Muse* is surprisingly well-mannered as he wrestles with issues of postmodernism and political commitment. Unlike earlier critics, O'Brien has to contend with the new pluralism

of contemporary culture. He frankly admits the difficulties by defining his boundaries: he doesn't attempt to consider performance poetry, Welsh or Afro-Caribbean poetry - which suggests that, despite the new rhetoric, the old mainstream is alive and well and living in Newcastle.

The millennium is likely to encourage some re-evaluations of reputations and D.J. Enright's *Collected Poems*, one of the jewels in the

crown of OUP's soon-to-be-defunct list, has reminded many that his irony has worn well - his poems about Hiroshima and the Third World are essential documents of poetry's response to the century.

New poet of the year is undoubtedly Paul Farley, who won the Forward prize for a first volume (*The Boy From the Chemist is Here to See You*, Picador) and is on the Whitbread shortlist. An unusually wide range of readers has warmed to Liverpoolian Farley's delving among the detritus of modern life, from Wendy Cope to the avant garde pop magazine *Select*. Picador's list is new and perhaps best placed to fill the OUP gap.

But the year was dominated by Ted Hughes. He was always a man with a mission - a "great unspecified" "unfolding project", as one critic called it - and in his last years he triumphantly brought his work to a close. His translation of Ovid won

the Whitbread Prize and has been one of the most surprising best-sellers of recent years. Less surprising was the success of *Birthday Letters*, once we'd got over the shock that it existed at all.

Many people never quite knew what to make of Ted Hughes during his life - his preoccupations seemed out of sync with the times. But *Birthday Letters* revealed his passionate, human side and woke up many to what we had lost.

The gap left by Hughes is palpable. Among the candidates for Laureate, only one eligible poet has anything like Hughes's stature. Tony Harrison, but he is unlikely to be offered the job or to accept it, being an extremely uncompromising republican and far too free with the four-letter words.

There has been much discussion about changing the format of the post, making it a limited term, but my guess is that reforming the House of Lords will be a doddle compared to the inertia surrounding this post. Another newspaper has mounted a campaign for U.A. Fanthorpe who is probably the best-qualified poet, appealing to both the streetwise and the genteel; but the front runner seems to be Andrew Motion, the smiling public man of English poetry.

Hughes was the most notable casualty, but the toll of poetic deaths was the worse for many years: Miroslav

Holub, Zbigniew Herbert, Iain Crichton-Smith, Denise Levertov, Jon Silkin, Octavio Paz. Many very powerful poets were born in the 1920s and that generation is passing.

But life goes on. Perhaps the youngest poet to publish a book from a recognised publisher in recent years is 19-year old Clare Pollard - *The Heavy Petting Zoo* (Bloodaxe). She first came to attention as a Poetry Review featured poet two years ago and her book came out as she began her Cambridge English degree. With Plath as her stylistic model, Pollard tackles the adolescent agonies in a way that has already won the praise of many poets.

The American poet Mark Halliday is not published in Britain yet, and can be found only in magazines and at the Poetry Library; but his hilarious explorations of the American hypermarket of consumable lifestyles could catch on in a big way, and might just be the way forward.

**There has been much discussion about changing the format of the Laureate post.**

## An everyday tale of ordinary folk

Michael Glover talks to Raymond Briggs about the unlikely success of 'Ethel and Ernest'

A sign on the door had told me to beware of the creature. Grabbing the handle, I found myself looking at a bloody butcher's cleaver. He's bawling the dog up to the study. Sure enough, there's a heap of merchandise on every step.

Briggs, creator of *The Snowman*, lives in a lonely spot, down a small lane in the shadow of the South Downs. This is the modest

house in the country that he buys towards the end of his latest book, *Ethel and Ernest* - the one his mother called a dump, and his father the sort of place he'd always dreamed about. It looks quite different now, improved, bit by bit, inside and out. He got it for a snip in 1967, and he hasn't moved since.

While I'm waiting for him to come down, I admire the full-length portraits in oils of his mother and father, Ethel in her

apron, and Ernest standing proud in his Arsenal Co-operative Society milkman's cap, painted on the cupboard doors. They look like Briggs's equivalent of Renaissance religious imagery, objects of pious veneration.

We sit down in the living room, in front of a brick fireplace and an unlit open fire. The only heating seems to come from a small brown electric bar fire. The ceiling is entirely covered by a map of Great Britain. Briggs, the armchair traveller...

When the tape recorder's not switched on, his manner is playfully, explosively cantankerous and testy. He laughs, quite a lot, but it's a fairly cruel whiplash of a laugh, tending towards mockery and sarcasm. When the tape begins to roll, however, he exercises strict self-censorship.

Frankly, he's been amazed by the success of *Ethel and Ernest*. He'd written it because he'd felt compelled to, not because he thought it would be popular. Why had he written it now, though? "Well, I've reached the sort of age when you start doing autobiographies. You can see the end coming up..." That seemed dramatically hasty for a man of 64.

In his case it was not an autobiography, but a biography of his parents - though he does play a small part in the book, as a much-disapproved-of art student and later, artist, who, in their opinion, is likely to remain penitent to his dying day.

I ask him what he thought had been wrong with the project. "Well, it's a biography of two totally unknown and unremarkable people who didn't do any-



One of Briggs' drawings from 'The Snowman', a special 20th anniversary edition of which has just been published by Hamish Hamilton (£3.99)

thing apart from live their lives in a decent, ordinary way. Biographies are usually about hugely famous people that everyone's interested in. It's also done in strip cartoon form, which people think is trivial straightaway - or for children. And it's not scholarly like biographies are usually meant to be. It's not detailed social history either, just a bit of background. And it's got a sad ending as well. So I thought it would fall between every conceivable stool..."

His publisher must have liked it though?

"Yes, they seemed to like it... it was like *Panorama* the *Dogman* all those years ago. Who's going to want to buy - let alone publish - a book that's disgusting, long, repetitive, tedious and what not?"

Upstairs in his studio, the walls are covered from floor to ceiling with certificates, awards, posters, children's drawings. Here's one that I especially like," says Briggs. From a little child, its inscription reads: "Raymond Briggs CARACTERS..." And there they are, strung out in a line as if participating in some

children's skipping game, meticulously drawn together from all Briggs's books, a pictorial pageant.

He pulls out some sketches from *Ethel and Ernest*, all done to size on cartridge paper, in pencil, the arch traditionalist's method. Everything's done by hand. "I'm terrified of computers," says Briggs. "I'm always frightened they might take over..." Nor can he type, not even with one finger. In fact, his attitude couldn't be more different from that of his father, who was almost recklessly in love with

modernity and the idea of progress. For Briggs, it's the past and its artefacts that seem to represent solidity, dependability. Which is the very reason why we have taken him to our hearts as if he were our very own secular Santa.

I notice a couple of teddy bears propped up in a corner. He sees me looking. "They're my own teddies," he says, "no sentimental regard for them, of course." He picks one up. "This one's Wilfrid - from Pipsqueak and Wilfrid. Remember them?"



I thought it would fall between every conceivable stool: Briggs' strip-cartoon life of his parents, 'Ethel and Ernest' (Jonathan Cape, £14.99)



## BOOKS



Two piercingly authentic memoirs herald a new confessional genre: from left, John Bayley and Ruth Prawer; Chris Patten and Gitta Sereny caused controversy over publishing ethics; and two up-and-coming novelists, Alex Garland and Kathy Reichel

# Light shed on dark nights of the soul

Jackie Wullschlager chronicles the highs and lows of the publishing world during 1998

It has been a year of more than the usual extremes in the publishing industry. At the end of it we can celebrate some of the greatest books of the century.

Publishing event of the year was the *New Oxford Dictionary of English* (OUP, £29.99), costing £3m to produce and weighing in at over three kilos. It radically reshapes the way we look at English as a world language for the 21st century, legitimises slang and proper names from Phwoah! to Prozac, and outlaws the politically incorrect (spinster, handicapped); democratically priced and presented, this is truly a people's dictionary for the next millennium.

Literary sensation of 1998, slim, mesmeric, heartbreaking and utterly unexpected, was Ted Hughes' collection of poems about the death of his wife Sylvia Plath, *Birthday Letters* (Faber, £14.99), the first volume of poetry for decades to sell over 100,000 copies. Editorial landmark was Peter Davidson's magnificent new edition of *The Complete Works of George Orwell* (Secker & Warburg, £78), a 20-volume treasure trove of journalism, letters and diaries as well as authoritative versions of the novels of the greatest political writer this century.

Among other highs, there have been histories which change the way we look at modern times - Ian Kershaw's magisterial *Hitler: Hubris 1889-1936* (Penguin, £20) and Antony Beevor's *Stalingrad* (Viking, £25), Richard Holmes' *Coleridge: Darker Visions* (HarperCollins, £19.99) is the best literary biography for many years, while John Bayley's *Iris: A Memoir of Iris Murdoch* (Duckworth, £16.95) and John Diamond's *C: Because Cousins Get Cancer Too* (Vernillon, £9.99), two piercingly authentic memoirs, herald the rise of a new confessional genre. Yet at the same time, the pub-

lishing controversies of 1998 have made *Grub Street* look grubbier than ever, reminding us that proprietorial interests and a fat figure on the bottom line are as powerfully driving forces as the urge to produce good books. At the beginning of the year, HarperCollins reneged on its agreement to publish Chris Patten's account of his years as governor of Hong Kong, because its proprietor Rupert Murdoch feared the book's anti-Chinese sentiment would damage his Asian interests. "HarperCollins has ceased to be part of the open society," said Peter Hennessy, one of many authors - Booker Prize winner Penelope Fitzgerald, Simon Haffer - who vowed not to publish with the company again. HarperCollins' leading non-fiction editor, Stuart Proffitt, resigned in protest, while Patten's *East and West* was subsequently published by Macmillan (£22.50).

But hardly had the dust settled before Macmillan itself was in a moral quagmire when it emerged that its author Gitta Sereny had paid a substantial part of her advance to the criminal Mary Bell for order to buy her cooperation for a biography, *Cries Unheard* (£20). For any publisher to finance a convicted child murderer is an outrage, and it is to be hoped that there will now be legal moves to prevent this sort of blood-money being paid again: that the biography of Mary Bell was published at all seems to me to fly in the face of public decency and compassion when relatives of her victims are still alive and suffering.

In the autumn came an even more distasteful affair, when Gordon Burns' biography of mass killers Fred and Rosemary West, *Happily Like Murderers* (Faber, £17.99) appeared with a glossy smiling cover designed by Damien Hirst, and featured by Faber on the front of its catalogue. Cynically meant to shock, it did:

murder as the latest, trendy cultural commodity. At a time when Jeremiahs warn that television, film and the internet threaten to make the printed word obsolete, these controversies remind us that books still play an important political and moral role in our society. No trend exhibits our culture's underlying unease and introspection better than the new genre of the late 1990s: the dark-night-of-the-soul memoir. With irony, wit and an absolute lack of sentimentality, some of our most worldly journalists have confronted dying and their own terminal illness in books which break one of this

to-all-mythologies historical and scientific blockbusters that held sway in the 1960s and early 1990s (Stephen Hawking's *A Brief History of Time*, Graham Hancock's *Fingerprints of the Gods*). The proliferation of short personal books about loss and death this year has been extraordinary - Liz Tilberis' *No Time To Die* (Weidenfeld, £14.99), Margaret Forster's *Previous Lives* (Chatto & Windus, £16.99), Robert McCrum's *My Year Off: Recovering Life After A Stroke* (Picador, £14.99), Dani Shapiro's *Slow Motion* (Bloomsbury, £12.99), Anna Blundy's *Every Time We Say Goodbye* (Century, £12.99).

Two original variations are Felicity Kendal's breezy *White Cargo* (Michael Joseph, £16.99), about her bizarre theatrical childhood in India, written as she sat at her father's deathbed, and *The Ugly One: The Childhood Memoirs of Hermione, Countess of Ranfurly, 1913-39* (Michael Joseph, £12.99), a tragic-comedy of a dysfunctional aristocratic family which sweeps along like a real-life *Bridgerton* *Revisited*; its 94-year-old author is eagle-eyed but humane: a true Ancient Mariner.

In history and science, with biography the triple motors of non-fiction publishing, pre-millennial themes are as inescapable. Time and the calendar is the hot subject: the paperback of last year's bestseller, Dava Sobel's *Longitude* (Fourth Estate, £5.99), about a British clockmaker who solved an 18th century navigational problem, has sold nearly 200,000 copies; a glossy gift version, *The Illustrated Longitude* (Fourth Estate, £25) comes for Christmas, while David Ewing Duncan's *The Calendar: The 5,000 Year Struggle to Align the Clock and the Heavens* (Fourth Estate, £12.99) follows *Longitude* as a small-format, popular science bestseller (over 50,000 copies sold since the summer) and *Mapping*

the year's last taboos. John Diamond's *C: Because Cousins Get Cancer Too* and Ruth Prawer's *Before I Say Goodbye* (Penguin, £5.99), published after her death from cancer, became instant classics of the genre: so is John Bayley's account of the descent into Alzheimer's disease of his wife, Iris Murdoch, in *Iris: A Memoir of Iris Murdoch*. Rigorously styled, exhilarating in their emotional immediacy as well as unbearably painful in parts, these stop you short as they force you to ask fundamental questions about your own life. Behind them is a surge of pre-millennial dread and fatalism, and a Blairite tendency to look to the individual response, rather than to the key-

photographic history of visions of women which emerged in the last century and shaped our own. By contrast, what a weak year for fiction. Ian McEwan's novel of politics and journalism, *Amsterdam* (Cape, £14.99), which won the Booker Prize, and Tom Wolfe's *A Man in Full* (Cape, £20) were the pinnacles. Otherwise, historical subjects dominate.

The year's major history books converge on our efforts to understand the great tyrannies of the century in Germany and Russia. Along with Kershaw's *Hitler* and Beevor's reconstruction of *Stalingrad*, which has sold 70,000 copies, come Richard Overy's enlightening *Russia's War* (Penguin, £20) - only since the collapse of the Soviet Union have historians had full access to documents which make such histories possible; Alexandra Richie's wonderful, tawny portrait of Berlin over 1,000 years, *Prussia's Metropolis* (HarperCollins, £29.99), more than half of which is devoted to the 20th century; Victor Klemperer's unforgettable memoir of unheroic, daily life under Hitler as Germany collapsed into barbarism, *I Shall Bear Witness* (Weidenfeld, £20); and Matthew Guterle Brown's *Socialist Realism: Revisiting Gray* (Hutchinson, £16.99), a masterly evocation of occupied France, which has sold over 50,000 copies.

Tim Blinding's *Island Madness* (Picador, £16.99) is about the German occupation of Guernsey, while Robert Harris's *Archangel* (Hutchinson, £16.99) has a historian finding Stalin's notebook. Fat Barker's *Another World* (Viking, £16.99), about a first world war veteran haunted by memories, has sold 25,000 copies since publication last month; Beryl Bainbridge - tipped to the Booker post for the fifth time - is in strong form with her novel set in the Crimean War, *Master George* (Duckworth, £16.99).

What has happened to the novel of contemporary life?

Younger, more streetwise and sophisticated, it comes packaged in glib wrappers, promising exotic or time-warped locations and picturing dazed bright young things on drug-induced visions. The symbolism warns: don't open if you are over 35. Douglas Coupland is the mature leader of this brat-pack: *Girlfriend in a Coma* (Flamingo, £6.99) is an apocalyptic yet flip thriller about a generation of wastrels and slackers struggling to throw off the expectations of the 1970s as they come of age in the 1990s. Other examples this year, crowded, tough narratives incorporating ideas on Darwinism, pornography, survival against the odds, include Alex Garland's *The Tesseract* (Viking, £9.99), with a noirish Mania crime setting and a mathematical concept as its structural motif, which has sold 58,000 copies; Liz Jensen's *Ark Baby* (Bloomsbury, £6.99), which conflates the story of a Victorian founding with that of Britain in 2005 during a fertility crisis; Bruce Robinson's grotesque, lyrical, darkly comic account of adolescence, *The Peculiar Memories of Thomas Penman* (Bloomsbury, £6.99); and, though it is more clearly genre fiction, Kathy Reichel's debut *Deja Dead* (Arrow, £5.99). Hailed as a Patricia Cornwell for the '90s, Reichel is a forensic anthropologist whose inside knowledge makes her story of hidden bones and serial murder chillingly authentic; her heroine, top scientist, single mum with a drop-out daughter, sharp-edged and sarcastic, is girl-power incarnate. J.G. Ballard hails Garland as the new Graham Greene, praising his "moody intelligence that holds everything together"; this is a feature of all these writers, but in their slick technocratic knowledges, they seem to me to be rather the stuff of tomorrow's popular bestsellers. John Grisham and Tom Clancy, watch out...

especially our obsession with the two wars of this century. Bernhard Schlink's Holocaust novel *The Reader* (Phoenix House, £5.99) was a bestseller, so was Sebastian Faulkner's *Charlotte Gray* (Hutchinson, £16.99), a masterly evocation of occupied France, which has sold over 50,000 copies. Tim Blinding's *Island Madness* (Picador, £16.99) is about the German occupation of Guernsey, while Robert Harris's *Archangel* (Hutchinson, £16.99) has a historian finding Stalin's notebook. Fat Barker's *Another World* (Viking, £16.99), about a first world war veteran haunted by memories, has sold 25,000 copies since publication last month; Beryl Bainbridge - tipped to the Booker post for the fifth time - is in strong form with her novel set in the Crimean War, *Master George* (Duckworth, £16.99).

What has happened to the novel of contemporary life?

My invitations to US publishers to join in this year's round of retrospection mostly went unanswered. Ashbel Green at Knopf was the only one of six who replied. He wished he had published *The Rape of Nanking*, by Iris Chang (Basic Books), but had no regrets about books turned down or lost to competitors, and declined to name his favourites on his own list as this "does not make for good relations with other authors". British publishers were altogether less discreet. Between frantic auctions and office parties, they consigned their confessions to e-mail or fax.

Juliet Anson, Viking: As the buyers last week of two new novels by Nick Hornby, we are feeling hurri-

## The best, the worst, and the ones that got away

Publishers reveal to Susanna Rustin what they really felt about the books published during 1998

smug; but I wish we had been able to buy Michael Cunningham's beautiful novel *The Hours* (Fourth Estate). I was disappointed by almost all my favourite authors in 1998: the exception was Anne Tyler, whose *A Patchwork Planet* (Chatto) is a masterpiece.

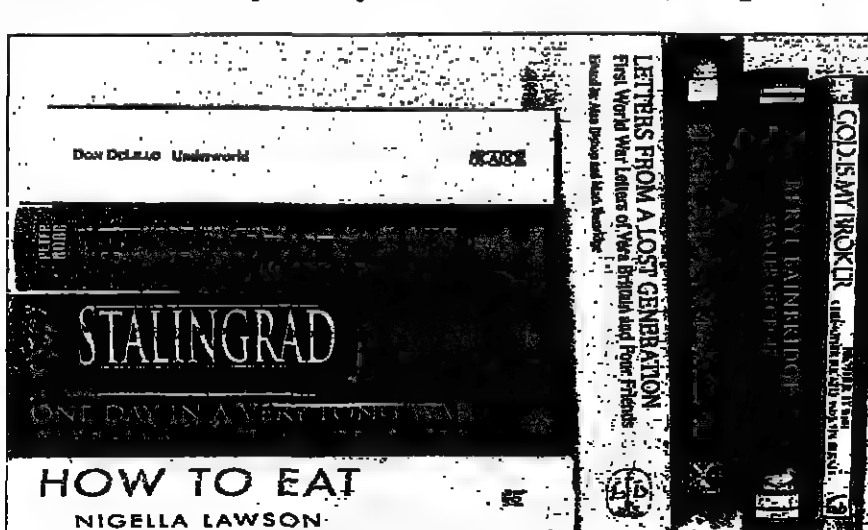
I am proud to have published Pat Barker's brilliant novel *Another World*. Anthony Beevor's *Stalingrad*, and Ruth Prawer's *Before I Say Goodbye*.

Robin Baird-Smith, Duckworth: The book I am most proud of is Mark Boller's *Letters from a Lost Generation*.

Piers Burnett, Aurum Press: Books I would have liked to publish are too numerous to list. John Ellis's *One Day in a Very Long War* (Cape) is one that has been scandalously overlooked. Of the books which we might have published, the one that still rankles most is *Midnight in Sicily* by Peter Robb (Harvill). Alas, we had our chance and fumbled it.

I am relieved to have made no contribution to Diana mania; but the book I would have felt most uncomfortable about publishing is Sir Vidia's *Shadows* by Paul Theroux (Viking), which, for all its brilliance, left a nasty taste in my mouth. Of books we did publish, one that stands out is Muhammad Yunus' *Banker to the Poor*. Jamie Byng, Canongate Books: One book I read this year which I am certain to read again is W.G. Sebald's masterpiece, *The Rings of Saturn* (Harvill). The book I was really sad to lose to Bloomsbury was Eric Miles Williamson's first novel.

I think the Pocket Canons Bible series was one of the year's more creative publishing exercises. A book which caused less commotion but of which I am very proud is Michael Faber's first collection of stories, *Some Rain Must Fall*. Dan Franklin, Jonathan Cape: Three books I envied: Don DeLillo's *Underworld* (Picador), W.G. Sebald's *The Rings of Saturn*, and Nigella Lawson's *How to Eat* (Chatto). Turned down and regretted was Magnus Mills' *The Restraint of Beasts* (Flamingo). I loved it, but had taken on far too many first novels just before it arrived. On our list, Ian McEwan's *Amsterdam*, obviously. The last



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*How to Eat* by Nigella Lawson

the best-reviewed novel of the year, was that it has so far failed to be short-listed for any of the major prizes. But for all round satisfaction our book of the year has to be Nigel Slater's *Real Food*.

Jonathan Riley, Faber and Faber: The book that started the year with a following wind after its American publication was Don DeLillo's *Underworld*. I envied, too, the latest work of genius from Raymond Briggs: *Ethel and Ernest*, in which the text was as moving and true as the artwork. One book I liked very much and offered for was *The Dreamer* by Charles Johnson (Canongate) - an intense and provocative novel about Martin Luther King. I offered for the second volume of Richard Holmes's biography of Coleridge about four years ago and the disappointment in losing out to HarperCollins has been erased by the pleasure the book has given.

The reception and sales of Lorrie Moore's *Birds of America* (Faber), she proves herself magnificent from beginning to end. I regret not going further with another American collection of stories: Nathan Englander's *For the Relief of Unbearable Urges* (Knopf), and I wish we had won the auction for a remarkable fourth novel, *English Passengers* by Matthew Kneale.

I was proud that we published at the beginning of the year Don DeLillo's *Underworld*, in the middle Jackie Kay's *Trumpet*, and at the end *The Collected Works of Bruno Schulz*.

Ion Trevis, Weidenfeld and Nicolson: The book I most envy a competitor is *Stalingrad* by Anthony Beevor. Beevor writes well, and he knows his subject, a combination not as frequent as one might imagine. I am relieved to have turned down Caitlin Thomas's posthumous memoir, *Double Drink Story* (Virago), which offers nothing of note to our knowledge of Dylan Thomas.

On our own list, *I Shall Bear Witness: The Diaries of Victor Klemperer, 1933-41*, is the remarkable account of a Jew who survived Hitler, while a memoir that the public recognised ahead of book-sellers is former US ambassador to London Raymond Seitz's *Over Here*.

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## ARTS

# When the greeting is the best gift

In an art world known for its cool customers, the Nortons' holiday card provokes some jaw-dropping responses, reports Ralph Rugoff

Imagine if every Christmas someone organised a surprise art opening in your own home. Something on an intimate scale and featuring work by a well-known contemporary artist. And you got to keep the art.

That's essentially what happens to the several thousand recipients of the Norton Family Christmas project, a season greeting which costs upwards of half a million dollars to fabricate and deliver. And in an art world known for its cool customers, the Nortons' spectacular holiday "card" has a history of provoking jaw-dropping responses.

For the last 14 seasons, Peter and Eileen Norton, Los Angeles-based art collectors and philanthropists, have commissioned artists to create small multiple editions which they send out to an international assortment of art world participants and friends. The inspiration, explains Norton, "was a sudden bolt of embarrassment at buying Hallmark cards for Christmas greetings when we knew so many artists who could design one."

Of course, the Nortons' idea of a holiday greeting is not like yours or mine. Their 1994 Christmas project, created by artist Lorna Simpson, arrived in a

handsome redwood box embossed with the Roman numeral III. Inside was a thick felt lining with the words "Wish#1", "Wish#2" and "Wish#3" printed in waterless lithography. Remove the liner and you discovered three lifelike wishbones - one of rubber, one of bronze and one ceramic. Only one would break to grant you a wish, but the others were exquisite enough to console any unanswered prayers.

It was an astonishingly striking and elegant object. Almost equally noteworthy was the fact that the project was shipped out to 4,500 people via Federal Express. With each package weighing several pounds, the delivery bill alone must have been over \$100,000.

If the Nortons were trying to impress people, they succeeded. Simpson's box of wishes generated waves of both awe and joy among art world aficionados fortunate enough to be on the mailing list. Because many recipients had never even met the Nortons, the family's gesture bespoke an almost whimsical munificence. It was as if a wish had been granted without having ever been uttered.

Unwrapping presents is an inherently theatrical activity with a short but sweet narrative

line, and when the gifts are as well-made and intriguing as the Norton Christmas projects the drama is heightened. But the Nortons insist their seasonal offering is not in fact a present. "We make a considerable mental effort to continue seeing them as

**Yasumasa Morimura appeared on a dancing fan with strap-on breasts and a blonde wig as Marilyn Monroe**

holiday greetings and not as gifts," Peter Norton observes. "For us to view this as an act of generosity is, shall I say, spiritually dangerous."

It sounds like a comment one might expect from a Buddhist monk, which in fact Norton was for five years, training with a British Zen master before embarking on a successful career in software design. The inventor of a popular anti-virus software

and Norton Utilities, Norton sold his Synantec Corporation in 1990 and has since concentrated his energies and personal fortune on amassing a sizeable collection of risk-taking contemporary art, as well as actively supporting both art institutions and progressive causes.

Mirroring their politics, the general tenor of the Norton Christmas projects is anti-elitist and socially engaged. Past greetings have included a cheery package of brightly coloured condoms featuring political slogans. 1995's project was a dancing fan by Japanese artist Yasumasa Morimura, who appeared on one side wearing strap-on breasts and a blonde wig while posing as Marilyn Monroe in her famous Playboy pin-up shot. Santa Claus might not have approved, but the fan - which was made in Kyoto and came in a box of paulownia, the wood used for the traditional presentation of formal fans in Japan - looked pretty good on a coffee table and made a beguiling conversation piece.

Last year's greeting, a leather-bound pop-up book by Kara Walker, was entitled "Freedom: A Fable," and related the trials of a "soon-to-be-emancipated 19th century negress" who dreams of founding a colour-blind society in

Africa. Cut by laser beam and designed with an architect, the pop-up silhouettes are both elegant and amusing. In one, a baby slides out from between the heroine's legs while she puffs on a cornucopia pipe.

"The Christmas projects invite interaction and people should feel free to handle and enjoy them," says Norton curator Susan Cahoon. "They're not meant to be precious objects," she adds, noting that the Nortons prefer projects which "will appeal to people who aren't knowledgeable about art, as well as those who are."

That democratic spirit hits a brick wall when it comes to the Nortons' mailing list - which, like all lists, divides the world into two camps. People who find themselves outside the happy circle of exchange have no recourse, as applications are not accepted. And those currently on the list cannot be sure if they'll be on it next year, as names are added and dropped at the Nortons' discretion. Indeed, a virtual purging of the ranks occurred in 1996 when the number of recipients was dropped from 5,500 to just over 3,000. Why? "One hundred thousand pounds sterling is reason enough," Norton replies.

Production of the Christmas

projects, which has occurred in sites around the world, is often painstakingly involved and is closely overseen by the Norton Family Office. This year's project, a wool blanket featuring a line of woven text by artist Jim Hodges, was fabricated in Milan

**The democratic spirit hits a brick wall, however, when it comes to the Nortons' mailing list**

by Anichini, a luxury blanket manufacturer. Before it had even been sent out, work had already begun on next year's greeting, which curator Cahoon claims will be the most elaborate yet. That's all she's willing to say about it, however; like most gift-givers, the Nortons appreciate the value of a good surprise.

"But that's a less significant element with each passing year," Peter Norton insists. "I now openly discuss some of the projects-in-progress with a few

people. It's slowly dawned on me that the Who is insignificant beside the What."

Which leaves us with Why. The Nortons' motivation is something of a riddle. Unlike the calculated presents exchanged between business associates, Peter and Eileen Norton are not out to coddle customers or nurture a profitable relationship. Scenarios might argue that the Christmas project is merely part of Peter Norton's ongoing effort to maintain a high profile on the contemporary art scene. But there are many far more conventional ways of achieving that end.

Brotherly love, in any case, can be ruled out as a motive. Asked if he considered the art world an extended family, Norton answers, "If only it were." And in response to a query as to what he finds most satisfying about his Christmas project, he comments: "What a lousy question."

Whatever their motives, the Nortons have redefined the Christmas greeting. While most of us will barely pause to read the cards on our holiday goodies before stripping off wrapping paper and tearing open boxes, the Nortons' lucky recipients will have learned that sometimes a greeting is the best gift you can get.

Get ready to hiss; get ready to cheer; get ready to cringe; get ready to catch the sweets, most of which come courtesy of sponsor Cadbury's. It's that pantomime time of year again.

Pantomime is one of the few genuinely British art forms. It might owe something to the Ancient Greeks; to the French for the plots, and the Italians for the characters. But it is quintessentially British, and Victorian to boot.

Most of the routines, and the jokes, that got audiences going a century and more ago are still present (and politically incorrect), down to the appearances of the stars of the day in the main roles and the exploitation of any transient craze among the supporting characters. The cross dressing, the sentimentality, the slapstick, the special effects, even much of the script, is unchanging.

And that is the problem. The pantomime pros, who have been playing the Dame or broker's men for decades, think they can turn up for rehearsals a week or two before first night with the same material, tweaked slightly to get in a mention of The Spice Girls, and the same business. Throw in the newscasters, the young soap stars, hulks from *Gladiators*, weather men and sports men, and minor pop stars, all cashing in on their 15 minutes of fame - and you often have the know-nothings, to dire effect.

Yet often it works - it has to. Most regional theatres rely on the up to 90 per cent box office revenue from the pantomime to pay for the new and experimental plays that lose money later in the year. There is always the thrill of the young audience, many encountering their first theatre, being drawn in by the tinsel and the gliding, the brashness of the performances and the strength of the plots. When pantomime works, it really can be the most magical dramatic experience.

Although there are almost 300 Christmas shows featured across the country this year, the number of traditional pantomimes is declining. Some, like *Sir Robin*, *Goody Two Shoes* and *All Baba* seem lost for ever; others, like *Babes in the Wood*, are currently out of fashion. They are being replaced by Christmas shows - *Peter Pan* and *Christmas Carol*, or Disney spin-offs - *Beauty and the Beast* and *Snow White*.

But despite the competition there seems to be an insatiable demand for traditional pantomime. According to Paul Elliott, whose E&B productions will be mounting 25 pantos in the UK (plus others in Canada and Israel), forward bookings are "spectacular". *Cinderella*, starring Danny La Rue and Brian Conley at the Birmingham Rep, is a "monster" and should do better than 90 per



When pantomime works, it can be a magical dramatic experience: the cast from 'Cinderella' at the Lyric Hammersmith

## Time for the old tinsel and slapstick routine

Pantomime is alive and well in 1998, reports Antony Thorncroft

cent capacity; *Cinderella* (again) at the Grand Opera House Belfast, with Cannon and Ball, is a "bonanza" and should top 95 per cent; *Peter Pan* at Woking, with Russ Abbot, has "gone potty" and is on target for at least 88 per cent seats sold.

Elliott believes that, with a recession possibly around the corner, families are determined to have some fun while the going is relatively good. It is obvious that stars still pull in the audiences, but fewer are prepared to commit themselves to the indignities and hit-and-miss production values of pantomime. There are fewer 'Big Names' around this year and traditional stars, such as Roy Hudd, are absent. When the Gladiators are on view, the cast of its *Aladdin* you realise that management are skimping on salaries and hoping that nostalgia will fill the seats.

Not that many Gladiators are on view this year (although Scorpio flexes his muscles for St Pollard and Windsor Davies in *Jack and the Beanstalk* at the Theatre

Royal in Plymouth). Their moment of fame has passed. However popular they might be with young audiences on television, most of them could not cut the mustard live.

It is the same with Australian soap stars, who used to be transported in for the season: many floundered coping with a real audience and the repetitive pressures of pantomime. A few with sufficient personality appeal can still be found, notably Emily Symons at the Southampton Mayflower, in *Goldilocks and the Three Bears*. She is appearing alongside Frank Bruno, one of the few sports personalities who has adapted to the new medium, mainly because the producers have played to his strength rather than asking him to carry the show. Ray Meagher, of *Home and Away*, is another Aussie who can call on acting experience to see him through *Cinderella* at the Cliffs Pavilion, Southend, with Bobby Davro.

The New Victoria at Woking, which usually presents one of the more spectacular

pantos, comes up with an excuse for the latest trend - an actor from the movie *The Full Monty*. Paul Barker, a panto virgin, is an unlikely addition to the cast of *Peter Pan*, which traditionally does not involve too much male stripping.

But in the main this is rather a routine panto sea-

**The biggest special effect is the ice rink for Robin Cousins' 'Beauty and the Beast' in Bournemouth**

son, with few spectacular effects. Usually E&B invests £300,000 each year into the sets and costumes of a new pantomime, which can then spend a decade, or even two, being passed on each Christ-

mas from theatre to theatre. This year it is not doing so and can only offer last year's new *Goldilocks*, which turns up at Southampton, just slightly tarnished. The biggest special effect is probably the ice rink created on the stage of the Pavilion in Bournemouth to enable skater Robin Cousins to do his stuff as the Beast in *Beauty and the Beast*.

*Cinderella*, always the most popular pantomime, is getting most exposure this year, with E&B mounting eight of what must be scores of productions across the land. The most intriguing is surely the version at the Lyric Hammersmith, written by the late Angela Carter, who took a much more melancholy view of fairy tales than most panto producers. It has a cast of just six, and could be reckoned a post-modern panto. The most bizarre could well be at the Swansea Grand where Melinda Messenger has been plucked from obscurity to become a national treasure because, like the character she plays, she has the right measurements.

Other pantos worth catching, in lovely old theatres, are *Puss in Boots* at the Theatre Royal in Windsor, with Rod Hull and Emu; the increasingly rare *Mother Goose* at the Theatre Royal, Brighton, with panto veterans Derek Griffiths and Christopher Biggins; and *Jack and the Beanstalk*, with Toyah Wilcox at Richmond. One of the very best should be the Norwich *Aladdin* with the inimitable Desmond Barrit as Dama, very professionally supported by Christopher Cazenove and Nicholas McAuliffe.

Other pantos worth an each way bet are *Cinderella* at Basingstoke with Gemma Craven and children's favourite, Brian Cant; John Inman, the veteran Dame, in *Robin Hood* at the Grand Wolverhampton; and two new old stars of pantoland, Lesley Joseph and John Nettles, who team up for *Dick Whittington* at the Theatre Royal Nottingham. Now remember to look behind you, to believe in fairies, and to go to the lavatory during the interval.

## CHRISTMAS ARTS QUIZ

Who appeared 'Naked' in Islington? Refresh your memories of 1998 with Martin Hoyle

1. Birthdays and anniversaries. (a) Whose centenary celebrations brought Catfish Row to Kensington Gore last summer? (b) Who marked 30 years in the business by asserting that it was *magnifique* and it was in *Guerre*? (c) Whose 80th was brought to book with a Dutch treat? (d) Whose 50th birthday proved him on his toes and wide awake - despite his name?
2. Trouble and Strife (a) Which noble lord was forced to sing in an American courtroom? (b) Why did Volkswagen find high art a trifle wearing? (c) What caused discord in a royal peculiar this year? (d) Which art gallery was given tangible proof that some consider modern art a load of bull? (e) Which Weatherfield One enlisted the Prime Minister on her side? (f) Which university avoided throwing the book at the police?
3. All the world's a stage (a) Who left the International screen to appear *Naked* in Islington? (b) Who left the Hollywood screen to appear naked in Covent Garden and New York? (c) Who put his screen career on ice in Waterloo? (d) Who took a new turn and pursued a painful road on his own? (e) Which court saved its name but kept its benefactor?
4. Youth's the stuff (a) Whose death under a tractor plunged even the non-agricultural community into gloom? (b) Who found that wildlife could fertilise his artistic ideas? (c) Whose surprise appearance on a French festival podium enhanced the *enferme cordiale*? (d) Whose solar stations brightened the summer?
5. The dignity of art (a) What links Gerry Robinson to Timothy Robinson? (b) What links Buster Hatterley to Chris Smith?



Buster Hatterley and Chris Smith: what do they have in common?

### ANSWERS

1. (a) George Bernard Shaw, whose *Peter Pan* and *Sea* was performed at the Frimley Theatre, Frimley, Surrey, in 1998. (b) Buster Hatterley, who in 1998 was awarded the 1998 British Book Award for Best Book of the Year for his book *The Book of the Year*. (c) The 80th Birthday of the Queen, celebrated on 21 April 1998. (d) The 50th Birthday of the Queen, celebrated on 21 April 1998. (e) The 50th Birthday of the Queen, celebrated on 21 April 1998. (f) The 50th Birthday of the Queen, celebrated on 21 April 1998.
2. (a) Lord Alton of Liverpool, who was forced to sing in an American courtroom. (b) Volkswagen, who found high art a trifle wearing. (c) The Royal Opera House, Covent Garden, which was given tangible proof that some consider modern art a load of bull. (d) The Tate Gallery, which was given tangible proof that some consider modern art a load of bull. (e) The Prime Minister, who enlisted the Prime Minister on her side. (f) The University of Cambridge, which avoided throwing the book at the police.
3. (a) Timothy Robinson, who left the International screen to appear *Naked* in Islington. (b) Timothy Robinson, who left the Hollywood screen to appear naked in Covent Garden and New York. (c) Timothy Robinson, who put his screen career on ice in Waterloo. (d) Timothy Robinson, who took a new turn and pursued a painful road on his own. (e) Timothy Robinson, whose court saved its name but kept its benefactor.
4. (a) Timothy Robinson, whose death under a tractor plunged even the non-agricultural community into gloom. (b) Timothy Robinson, who found that wildlife could fertilise his artistic ideas. (c) Timothy Robinson, whose surprise appearance on a French festival podium enhanced the *enferme cordiale*. (d) Timothy Robinson, whose solar stations brightened the summer.
5. (a) Timothy Robinson, who links Gerry Robinson to Timothy Robinson. (b) Timothy Robinson, who links Buster Hatterley to Chris Smith.

### PERSONAL

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## ARTS

## Cinema in 1998

# Hulks, hunks and dazzling drama

This was the year in which famous moviefolk did unlikely things, writes Nigel Andrews

A film critic at year's end has to play God, tyrant and monomaniac. If there is no signature motif to the twelve-month, he must invent one. If there are only three films worth places in a top 10, he must kidnap seven more. And if he has no strong feelings at all about the year's cinema - it could happen - he must make himself have them.

Happily, 1998 sat up and begged to be written about. The most popular film in history happened, *Titanic*. Two of the largest and most stupid films in history happened, *Deep Impact* and *Godzilla*. And British cinema, for so long a persistent vegetative patient incapable of arousal even if assailed by Robin Williams impersonating Oliver Sacks, woke up and started making so many films that we urged it to stop.

Most of these were bad, but three were good. *Lock, Stock and Two Smoking Barrels* ran out of comic ammo before the close, but before then was funny, bold and inventive. *Love And Death On Long Island* was a gay *Lolita*, acted inspiringly by John Hurt. And *Elizabeth* showed what sparks could fly when the ex-British

empire laid siege to British history. An Indian director, two Australian stars and a French footballer - well, France used to be in the empire - created a costume movie like no other. It was all deep black, burning gold and blinding white and it roamed with stylish weightlessness around Durham Cathedral (playing every palace in England) like a recording angel on a long leash.

Which brings us to that "signature motif". In 1998 it was famous moviefolk doing unlikely things. As well as an Indian director moving from bandit queen to virgin queen we had an action director doing a love story (plus flood damage) in James Cameron's *Titanic*; two movie artists doing John Grisham potboilers (Coppola's *The Rainmaker*, Altman's *The Gingerbread Man*); a former Mr Escapist Fantasy, Steven Spielberg, following his tortured-genius entry exam *Schindler's List* with a follow-up second world war paper, *Saving Private Ryan*; and counter-culture anarchist Gus Van Sant making the three-hankie love-and-self-



Sparks flew when Shekhar 'Bandit Queen' Kapur tackled the virgin queen: Cate Blanchett in 'Elizabeth'; and Leonardo DiCaprio and Kate Winslet in James Cameron's love story (with flood damage), 'Titanic'



discovery hit, *Good Will Hunting*.

This introduced Matt Damon, the year's second fastest-rising star after that Italian-sounding youngster in *Titanic*. Damon may also be the fastest-falling star, with signs of burnout already in *Rounders* and indeed *Saving Private Ryan*. Screen stardom is a delicate business. Different salicists demand different charms. Damon and Leonardo DiCaprio suggest that the pre-millennial requisite is handsome kids who look as if they could be our boy-hero investment, or at least a down payment, for the next thousand years. Once the clock has turned over, though, we may want a whole new form of stardom. The only comparable fan

madness in Damon/DiCaprio Year attached itself to an idea, not a human. This was the *schadenfreude* of mass destruction. It informed *Titanic*, *Deep Impact*, *Armageddon*, *Godzilla* and other top-up epics: films topping \$100m at the box office which showed that the only thing more *risso*nant than storing up Siegfried-like sex-bombs for the next millennium is the idea of there being no next millennium. When did death have such dominion in a cine-year? The best eastern film was Takeshi Kitano's *Hana-Bi*, about a couple making a suicide pact. The best near-eastern film was Iran's *The Taste Of Cherry*, whose death-determined hero spends 90 minutes looking for someone to throw earth on his grave.

The best European film was Michael Haneke's *Funny Games* from Austria, in which a family is brutalised and killed by passing sociopaths. In *Love And Death On Long Island* the title speaks for itself while the death count in *Lock, Stock And Two Smoking Barrels* would test an electronic calculator. So would the corpse tallies in *Elizabeth*; *Saving Private Ryan*; *Mulan*; *Aniz*; *The Prince Of Egypt*; and other human, inhuman or animated extravaganzas. The obsession with death is in part a way of complaining to the universe, "We have no control over our lives or their loss." As 2000 looms we see sinister deities or doom-dealers everywhere, even amongst ourselves. *The Truman Show* is a flawed

but fascinating fable of paranoia. The setting is a media-age Garden of Eden with Jim Carrey as Adam, a slow-to-understand human experiment who finally bites into the tree of knowledge and confronts the documentary demon-deity - biblically named "Cristof" - who has turned him into a TV show. A stiffer apocalyptic fatalism, showing human beings pushed about by some warped cosmic karma, was evident in films as diverse as *The Ice Storm*, *Sliding Doors*, *If Only*, *Breakdown* (year's best lost-in-the-desert thriller) and Woody Allen's hilariously alarmist *Deconstructing Harry*.

Frightened passivity is the mood of the moment, underpinned by a gone-secular sense that there are larger Forces Than Us. It explains why films in which folk fight the social system seem oddly old-fashioned today, too small-print a response to our anxieties. Even the hankiest down class-war indignation of Ken Loach's fine *My Name Is Joe* appears dated. The new line in social anatomy lesson is represented more by a film like *Boogie Nights*. This says: We human beings used to be in charge of our lives but are now scurrying, nervous auditionees. We take our clothes off at the call of "Action!", as if rewinding to that first fatal encounter (Eden once again) between innocence/ignorance and sin/knowledge.

In a phrase, cinema still lives, despite its may-say-it. There may have been few outright masterpieces in 1998. But there was many a reminder that cinema is incomparable as a barometer of the world's apprehensions, pre-occupations and dreams: those things that owe their articulation on screen to the very fact that we dare not always articulate them in life, even to ourselves. Movies remain our priceless, mysterious, market-dictated form of mass dreaming.

Top ten alphabetically:

- *Aniz*
- *Boogie Nights*
- *Deconstructing Harry*
- *Elizabeth*
- *Funny Games*
- *Hana-Bi*
- *Love And Death On Long Island*
- *The Prince Of Egypt*
- *The Taste Of Cherry*
- *Titanic*

Long before seeing *What Dreams May Come* this week, but not long after seeing Jack I made a mental resolution, writes Nigel Andrews. If any more films came along featuring Robin Williams' inner child I would put out a contract on that child. However many Hollywood hills my hitmen had to climb, they would be paid, and well, to find and terminate their winsome quarry. By what licence is this gift of a standup comedian going about spreading pious incandescence? Williams did it in *Awakenings* and again in *Good Will Hunting*. He does it once more in this

after-death fantasy directed by New Zealand surrealist Vincent Ward (*Vigil*, *A Map Of The Human Heart*). Scripted by Rain Man's Ron Bass from a novel by Richard Matheson, who in better days screenwrote those terrific 1960s Edgar Allan Poe films, *What Dreams May Come* is a blend of the sublime and the emetic.

One moment the afterworld where the dead Williams hopes to re-meet his children, killed in

a car crash, and his painter wife Annabella Scierra, who committed suicide, is a feast of ocular inspiration. The literally "painted" landscapes ooze with rainbow oils like a marshland with multicolour mud; painted birds fly above painted lakes; and flying angel-humans plucked as if from an Odilon Redon canvas move weightlessly over Turner seas or among Alma Tadema temples. Meanwhile in Hell - where Williams must

finally go to rescue, Orpheus-like, his wife - one section is a breathtaking ghost-vista of wrecked ships, another an illimitable Stygian field planted with live human heads. But then the characters start talking and we come back to earth, or rather to Psychobabble Studios. Hollywood. Williams's heavenly guide is Cuba Gooding Jr, a *Jerry Maguire* version of Dante's Virgil, who offers him

broomsticks and teach-yourself teleology while his protégé does his flickering-sensitivity reaction shots. Never mind that Williams is getting better at these: the question is, why do them at all? And why do movies continue to encourage great clowns to play Hamlet?

The film ends by high-diving into mush and the final scenes are an embarrassment. But they cannot quite erase the visual brainstorms. Perhaps you should go with earplugs. Perhaps you should present two deaf ears to the talk and two closed eyes to the Williams close-ups; then open them for the wild wonder of Ward's make-believe scenery wafted through by his magical extras.

*Enemy Of The State* is a surveillance-age chase thriller. A fine time is had by all, playing a kind of non-stop action rumba. Character B (Will Smith) stumbling on a government conspiracy) is close behind character A (Gene Hackman who can find the answer) while characters C to Z (the rest of America) are right on both their tails.

Everyone is watched by hidden cameras or satellites, which occasionally wheel past us in Outer Space outways as if to emphasise "You are never alone." Tony Top Gun Scott directs with fast-edited grandiloquence and amber filters. But for a supposedly techno-plausible paranoia thriller that should haunt us for days, it is surprising how fast it vanishes from the mind.

## The sublime meets the emetic

### Dance on Television

# From ballet to ballroom

As we know to our indigestible cost, it is not just the Christmas bird that gets stuffed. Over-indulgences are the name of the seasonal game, and BBC2 TV, with its usual sensitivity to the zeitgeist, proposes a Yuletide stuffing of dance on December 28. From six in the evening until nearly two o'clock the next morning there is wall-to-wall dancing of every kind. The prospect is exactly like that of an interminable meal of good things, and the mere prospect dulls the appetite. Instead of a rational policy of showing dance on TV during a year, we are force-fed on this one night like Strasburg geese.

The evening, to be introduced by the comedian Alexey Sayle and the Royal Ballet dancer Deborah Bull, has good things on offer. Notably fine is a film of a recent dance triumph. Rose MacGibbon (who has a danc-

er's eye for capturing dance, his version of MacMillan's *Judas Tree* an outstanding example of ballet imaginatively brought to camera, and lately and justly rewarded with an "Emmy" in New York) has made a beautiful, true version of Slobban Davies' *The Art Of Touch*. This was a dazzler on stage, and MacGibbon does it proud - you see, and feel, the exhilaration of the choreography, the wonderful skill of the dancers.

More dubious is a programme, *Dance Ballerina Dance*, featuring the omnipresent Deborah Bull. Purporting to study how five male choreographers have portrayed women, it beats a tiny feminist drum in some thin arguments and not wildly convincing performance by Bull. She offers herself to us as Petipa's Amara and as one of Ashton's two pigeons, and patronises Balanchine's *Duo Concertante* in a commentary of rare obtuseness. Her view of *The Wife In The Hat* is more probable, and she proves an able apologist for William Forsythe's *Fernan Schermerman*. Her partner is Adam Cooper, sterling artist. Lynn Seymour, briefly seen as coach, is illuminating.

The filming of these snippets is truncated, fearfully artistic, tending to soft focus, and is interspersed with acutely charming chat. It all disproves the adage



Holiday treats: Monica Zamora as Sugar Rum Cherry in 'Nutcracker Sweeties'; and the Slobban Davies Company performing 'The Art of Touch'



most bewitching of locales, a snow-bound railway station. Take the opportunity to replenish drinks, put out the cat, or turn your face to the wall in despair at the fearful depths of film pretentiousness. *Nussim* is a stinker. The evening ends - but you should be in bed by then - with *A Chorus Line*.

Earlier, a treat on Christmas Day is a filmed version (by Peter Mumford) of *Nutcracker Sweeties* on BBC2. This is David Bintley's romp for his Birmingham Royal Ballet, using Duke Ellington's jazzed up Tchaikovsky. It was a huge success on stage, and Mumford's ebullient version captures the verve of the staging and of the BBR performance - not least Chene Williams and Joseph Cipolla being very Spanish indeed. David Bintley makes a neat appearance as an American GI.

On Boxing Day, BBC1 will show a version of the children's tale, *The Snowman* with a delightful score by Howard Blake, and dances by Robert North. On Channel 4, New Year's Day is marked by a film (Rose MacGibbon once more the director) of part of *Explosive Dance*, a gala performance in aid of the Red Cross Land-Mine Victims fund held earlier this year. A bit branched, but watch for Irek Mukhamedov and Viviana Durante, both on best emotion-searing form in MacGibbon's *Winter Dreams* duet, and for the liveliest kids in town - the Jiving Lindy Hoppers. There is also rather a lot of Irish jigging, of which, may I say, a little goes along way. Ah well, it will be a happier New Year for us all on TV if "they" set their minds to showing more dance more sensibly.

Clement Crisp

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## SPORT



Sporting protagonists of 1998 (from left to right): Denver quarterback John Elway; Brazilian marathon runner Ronaldo da Costa; French outside-half Thomas Castaignède; England forward Michael Owen; golfing prodigy Justin Rose; basketball maestro Michael Jordan; baseball record-breaker Mark McGwire.

# Spectators relive their winning ways

FT writers savour the moments that gave them particular pleasure during the past year

## American Football

Jurek Martin

January 26 and the Super Bowl in San Diego is not going according to the best-laid plans of the Green Bay Packers, the defending champions. The score is tied 17 each late in the third quarter and the upstart Denver Broncos have the ball third down with six yards to go on the Packers' 12-yard line.

John Elway, the 37-year-old Broncos quarterback, is not having a great passing game, though his running back, Terrell Davis, is scattering defenders left, right and centre. Elway takes the snap from centre, goes back to throw but can find no receivers open. So he runs right, hurdles one defender, calling it my 3rd vertical leap, sneaks into another and finally hits turf at the Packers' four; first down, two plays later, Denver scores and goes on to win 31-24.

For 15 years, Elway had been the heart and soul of the Broncos, but there was no title to his name, only three thrashings in the finals. But this was a different Denver, with a smart coach, Mike Shanahan, a serious running back and a veteran defence.

For the first time in all those years, Elway did not have to do it all himself. In San Diego, he threw for only 123 yards, less than the 157 yards gained lugging the ball.

And the Super Bowl was not a one-night miracle either. The Broncos had to win through three tough play-off rounds to get there and proceeded to continue into the next season, reeling off 13 straight victories before another loss. Though Elway did not play in all these games, Bobby Brister proved a more than adequate substitute.

But if he had not grided his lungs for that one 8-yard run in San Diego, then 1998 might never be known as Denver's near-perfect year.

## Athletics

Pat Butcher

Given the global nature of the sport, and the plethora of championships, it's hard to find an unforeseen superlative performance in athletics nowadays. So it is even more enjoyable when it does happen out of the blue. And the skies were that very colour, with bright sunshine, when the little-known Ronaldo da Costa started out in the Berlin Marathon on September 21.

Two hours, six minutes and five seconds later, da Costa crossed the line, 45 seconds to the good over the world best of Ethiopian Belayneh Dinsamo, which had stood for 10 years. Not content with one of the great all-time long-distance running performances, Ronaldo da Costa, as he is known to the Brazilian media, to distinguish him from the footballer, crossed the finish line and threw himself into a couple of exuberant cartwheels.

Coming after 42 and a bit kilometres at an average speed of more than 20kph – the first time man unassisted had broken that particular barrier – the gymnastic move was the measure of da Costa's elation, and was fully reciprocated by the huge crowd that had turned out to make Berlin the world's third biggest marathon, after London and New York.

And it didn't stop there. When somebody produced a samba tape at the press conference shortly afterwards, da Costa grabbed a Brazilian flag, and took five minutes to dance up the dais, to relay his version of events.

Then, after a night on the disco dance floor, he was up at seven the next morning for his daily trot. His public has responded with equal enthusiasm. He reported a couple of weeks ago that the party has just continued since his return to Minas Gerais province, a couple of hours north of Rio de Janeiro. People have even travelled 200km just to get his autograph. But there is a downside. With so many of his colleagues in the reckoning for the three Olympic places, and the Brazilian trial for Sydney barely six months away, da Costa is having to move to San Diego, just so that he can train in peace.

## Baseball

Jurek Martin

An easy choice: Tuesday evening, September 8, Busch Stadium in St. Louis, Missouri, the Cardinals hosting the Chicago Cubs. At the plate is Mark McGwire of the Cards, patrolling right field is Sammy Sosa of the Cubs, the two mighty sluggers who have been engaged in an extraordinary battle to break perhaps the sport's most notable single-season record, the 61 home runs knocked out of assorted parks by Roger Maris of the New York Yankees in 1961.

McGwire has tied the mark. Sosa is just three behind him. Sitting behind the Cardinals' dug-out are Maris' widow and children. It is the fourth inning. Steve Trachsel's pitch comes in low and inside and McGwire, 35, 6'6" and 350lb of pure power, swings as hard as he always does.

It is, by his standards, not a mighty blow, a low, hooking line drive that barely clears the fence, in the left field corner 340ft away, landing not in the expectant crowd but in a maintenance area, accessible only by the ground staff. McGwire pumps his arms in the air, nearly forgets to touch first base, makes it to home plate and is engulfed by teammates.

Then it becomes very sweet. Sosa comes in from right field and the two players embrace with genuine warmth. McGwire hopes in to the crowd and hugs the Marises. He gives a gracious speech.

Later in September, Sosa pulls even with McGwire at 66 homers, but Big Mac then bangs out four

more in the final week and finishes with the lovely round number of 70. But Sosa is selected as the National League's most valuable player. Justice is served all round, as it should be, but often is not, in America's national sport.

## Basketball

Jurek Martin

It has always been said that Michael Jordan, who loathes losing, saves his best for the last, when the game is on the line.

But nothing in his exalted career, not even that first prescience of greatness, his winning shot for North Carolina over Georgetown in the 1982 collegiate finals, could compare with the evening of June 14 in Salt Lake City.

His Chicago Bulls lead the Utah Jazz by three games to two in the best of seven NBA finals, but with 41.9 seconds left in game, John Stockton hits a three-pointer to give the Jazz an 86-83 edge. Jordan gets the ball, soars in from the right and drops in a short, soft shot to cut the margin to one.

The Jazz work the ball down court to their superstar, forward Karl Malone, parked deep, his back to the Chicago basket. Malone bounces it, manoeuvres and suddenly does not have the ball. Jordan has sneaked up behind him, slapped it away and is heading down court, weaving in from the left. But the most athletic Jazz defender, Bryon Russell, is in front of him.

There are now six or seven seconds left, with Jordan at the top of the key, 17ft away. He stops, dribbles, and takes Russell out of his sneakers. As he slips, Jordan rises and lets the jump shot go, right arm characteristically extended. The ball hits nothing but net with the clock showing 5.3 seconds.

One last unavailing Utah heave and the Bulls have their third straight title, and the sixth of Jordan's last six playing years. His 45 points are more than half the Bulls' total.

Basketball is at present strike-bound. If, and when, it resumes, it may be without Michael Jordan, now 35. If so, this was surely the most wonderful way to go.

## Cricket

Huw Richards

The ball was tossed slightly higher than usual, dipped a little and spun unerringly between bat and pad to hit the stumps.

Sri Lanka's Muttiah Muralitharan took 18 wickets for 220 against England at the Oval in August. His dismissal of John Crawley, who had shown himself a fine player of spin in his first innings 156 not out, on the stroke of lunch on the last day epitomised the mesmeric quality of his bowling in the second

innings, when he took 9 for 65.

Spin never looks as aggressive as pace. But great spinners attack the mind rather than the body, creating doubt about where the ball will pitch, and how it will behave on landing. Muralitharan's bowling was as aggressive in its outlook and intent as the brilliant batting by Jayasuriya and De Silva that gave him the time needed to bowl England out a second time.

Nobody else was likely to take a wicket – the other one was run out. A few loose overs could have made England safe. Yet all day Muralitharan went on tightening the mental vice imposed by his control and variation for over after over. The resistance of Mark Ramprakash and Darren Gough took real mental courage.

Even the final overs as Sri Lanka knocked off the 36 needed to win produced their unforgettable moment – Samith Jayasuriya's feet-off-ground square-cut six. Their supporters' infectious unalloyed joy replaced earlier, justified anger, shared by many home fans, that the English authorities deemed them worth only one test when the dull South Africans got five. Patronising – and lousy business, too. This is a team any cricket fan would want to watch. Best of the year? This day's cricket would do for a lifetime.

Football

Peter Aspin

The most compelling story of the year, Ronaldo's transition from indecipherable World Cup protagonist to jolting non-entity in the space of a few frantic hours, may yet prove to be some kind of watershed in the biography of the modern footballer. The Brazilian, at 22, has yet to recover physically, let alone mentally, from the exertions of his spectacular rise to prominence. Future investors in young talent will surely take note.

Obviously, another, still younger, superstar waits in the wings; miraculously, he is English. Michael Owen scored the most spectacular goal of the French World Cup with a run and finish which combined absurd youthful audacity and immaculate technique. Ronaldo had scored a few like that, but not in the World Cup, and not against the notoriously niggardly Argentine defence.

Amazingly, the goal played almost a minor role in this torrid contest. There is, in every top class tournament, always a game to remind one of why football is the world's most satisfying sport; it fell to Owen and the no-worse-than-naïve David Beckham to convince us this time round, and a nation spluttered incredulously. Penalties, again; fruitless heroics, again.

But Owen had altered the familiar script a little. This time, England were responsible for the classic moment of the tournament as well as its greatest rearguard action.

Postscript: Glenn Hoddle's notorious World Cup book, so remarkable for its lack of contribution, gave the England coach's

rationale for not including Owen in his starting line-up for the tournament. Hoddle considered the youngster not to be so effective against a sweeper as against a flat back four. Now watch that, goal again. Watch the sweeper, watch Owen dart past him. They might have been in different time dimensions. Watch and weep.

## Golf

Derek Lawrenson

Not since Bobby Jones was dominating the game in 1930 have amateurs enjoyed such a high profile as they did in 1998. At Augusta, Matt Kuchar's winning smile became part of the memories from the Masters; the Spaniard Sergio Garcia played in seven European Tour events and made the cut in each of them; above all, of course, there was 17-year-old Justin Rose at the Open, and that holed pitch shot at the 18th which, alongside Michael Owen's goal against Argentina, became the symbol of hope through a trying summer.

Rose dominated the weekend at Birkdale but came Sunday afternoon it looked as if reality was finally about to intrude. He had missed the green with his second shot; two more strokes to complete the hole would drop him from fourth to seventh, and thence the proceedings with the stale whiff of anti-climax.

Rose played the shot to perfection, pitching it short of the hole from its wispy lie and allowing it to roll out to the flag.

When it disappeared the noise was astonishing; it literally shook the press centre 30 yards away. Half a mile distant on the 15th green, Mark O'Meara turned instinctively towards the sound, wondering what on earth could have happened to prompt such a response.

By the apron of the 18th green, Michael Bonallack, the secretary of the Royal and Ancient and witness to many Opens and Ryder Cups, said it was the loudest cheer he had heard in his life.

Perhaps not surprisingly, given his age in a game where a player's prime years fall in his 30s, Rose has struggled as yet to come up with an encore. But he made the cut at the qualifying school recently, and that will earn him 25 invites to next year's European Tour. Plenty of scope, therefore, for the boy with a taste for the theatrical.

## Racing

Colin Cameron

Name a horse boldly and you burden the beast with a weight of expectation.

Name one King of Kings and you look pretty silly if it ends up tailed off, last.

Luckily, the so-named three-year-old colt lived up to his billing in winning this year's 2,000 Guineas at Newmarket, the turf's high spot of 1998.

Cheltenham and Aintree were

blighted by equine fatalities that prompted a lot of soul-searching within National Hunt racing, especially after the three deaths in the Grand National itself. A month later, with the horses all but forgotten, King of Kings restored spirits by causing, as only quality racehorses can, into the lead up Newmarket's Rowley Mile to carry Michael Kinane to victory in the season's first Classic contest.

When King of Kings made his racecourse debut last year, at The Curragh as a two-year-old, talk was already of the Guineas, then still 12 months away.

After a facile victory he was installed as ante-post favourite, his young trainer, Aidan O'Brien, unable to conceal the stable's high regard for the colt.

O'Brien's wide-eyed stare and smile at the mere mention of King of Kings' morning walk on the gallops prompted the book-makers to shorten his price for the Guineas at regular intervals. The colt's only defeat as a juvenile was roundly blamed on Christy Roche in the saddle.

Rumours of mutin' displays around the stables did not deter the public's enthusiasm, either. Nor did the prospect of a knee operation before the big day at Newmarket.

In a sport where hype is ripe, King of Kings was the ultimate talking horse.

When he delivered on his seasonal debut, in the Guineas at Newmarket in May, it all seemed justified. Disappointment in the Derby, in which King of Kings aggravated his troublesome knees and was forced into retirement, did not dent his reputation. The highlight of the racing year came early, but the King for a day left an indelible mark.

## Rugby

Huw Richards

I think I blame the London Welsh Choir. It was a terrific move by the Welsh Rugby Union (you don't often see those words, in that sequence) to engage the choir to warm up the crowds and lead the anthems as Wales went into exile at Wembley. "Hen Wlad Fy Nhadau" hasn't sounded better in years. What they didn't anticipate was that the "Marsellaises" would be positively electrifying. At least, something has to explain the way France, and in particular outside-half Thomas Castaignède, played at Wembley last April.

Panache, *Mon, je ne suis qu'un insouciant, joie de vivre, éclat* – Castaignède displayed all of these classically French qualities, with a giant dose of chutzpah for good measure. He wrecked the Welsh defence with a brilliantly angled pass in the first minute, and went on finding different ways of wrecking it for the rest of the afternoon – running from deep with speed and angles that seemed to defy the game's standard geometry, merrily spotting the half-gap and the teammate poised to exploit it.

Poor Neil Jenkins, opposite

number and renowned defender, was, left looking like a traffic island as Castaignède found every possible way past him. All 81 journalists who voted for Man of the Match chose him. This was the complete attacking performance, so magnificent that it easily overcame long-held aversions to chaps whose hair is blond when nature intended it to be black and, far more importantly, to anyone instrumental in beating Wales by any score, let alone 61-0.

## Tennis

John Barrett

They said she'd never do it. "Too heavy, too slow, no self-confidence," chanted the pundits as the 1998 US Open began.

After all, they said, look at what had happened in Australia – she had faded in the semis after winning the first set against Martina Hingis. Look at what had happened in the Paris semis – run off her feet by Sanchez Vicario; look at what had happened at Wimbledon – outplayed in the quarters by the 30-year-old Frenchwoman Nathalie Tauziat.

"Pity about Lindsay Davenport," they said. "Such a nice girl, such talent, too, but she has no hope of winning one of the Grand Slams."

But the pundits did not know how deeply those defeats had affected Davenport. Utterly determined to rediscover the self-belief that Billie Jean King had first unearthed at the Atlanta Olympics, where Davenport had won the gold medal, she and her coach Robert Van't Hof embarked upon a punishing programme of practice and training that would help her to shed excess weight and build up stamina for long matches. As pound after pound fell away Davenport got noticeably faster.

She became more confident, too – and proved it during an amazing swing through the US summer circuit where she won back-to-back titles in Stanford, San Diego and Los Angeles. By the time the field assembled at Flushing Meadows, she and Van't Hof knew she was ready, even if no one else did.

As the rounds passed, the truth began to dawn. This was a new Davenport, a confident Davenport, a fast and furious Davenport. Going into the final against the titleholder and world No.1 Martina Hingis, Davenport had lost just 24 games in 12 sets.

Maintaining the momentum, Davenport blew the champion off the court in two magnificent 10-game sets. It was the culmination of a dramatic journey, by the way, and Davenport overtook Hingis to become the world's No.1. You can't put into words how much it means," said the newly triumphant "Being a pro for 16 years, and this is always being the goal. It seriously is the greatest feeling you can experience being a professional athlete."

Not for the first time, the pundits had been proved wrong.



# How to Spend It

## Stockings with slim, sleek and sexy angles

Electronic developments bring festive cheer, says Paul Taylor

They are sleek, slim, sexy and Japanese. Everybody wants them. Japan's personal computer makers, led by Sony, Sharp and Mit-

subishi, have hit the jackpot with a new generation of ultra-slim notebook PCs which would look great in any Christmas stocking.

Sony's VAIO Note PCG-505G costs about £2,300 and, with its silver and purple magnesium case, must rank as one of the classiest PCs built. But it has more than just good looks. Despite its petite size, the VAIO is a powerful beast with a fast Intel Pentium 550MHz MMX processor, a 2.1Gb hard drive, 32Mb of Ram and a bright 10.4in liquid crystal display.

The best of the other new ultra-slim notebook PCs include Sharp's PC-A100, which weighs just 3.09lb, and Mitsubishi's super-slim Pediton which, at just 7/10 of an inch thick, is in the 1998 Guinness Book of Records as the "thinnest laptop".

It has been a long time coming, but DVD (Digital Versatile Disk) players have finally arrived, delivering super high-quality video and promising to replace conventional VCRs in the living room.

The software, in the form of Hollywood blockbusters from Warner Home Video and other distributors, has also started to appear - albeit more slowly than the hardware manufacturers had hoped for.

Among the first DVD players to appear in the stores, Sharp's DV-560H is easy to

set up, simple to use and offers a good mix of quality and value for money.

Would-be spin doctors (of the musical kind) will love Philips' CDR768 machine featuring twin CD trays, which makes it possible to record your own CD audio discs at double speed.

Philips pioneered the CD format and has started to deliver a range of next-generation machines capable of recording on blank CD-R (Recordable) or CD-RW (ReWritable) discs which can be bought for a few pounds each.

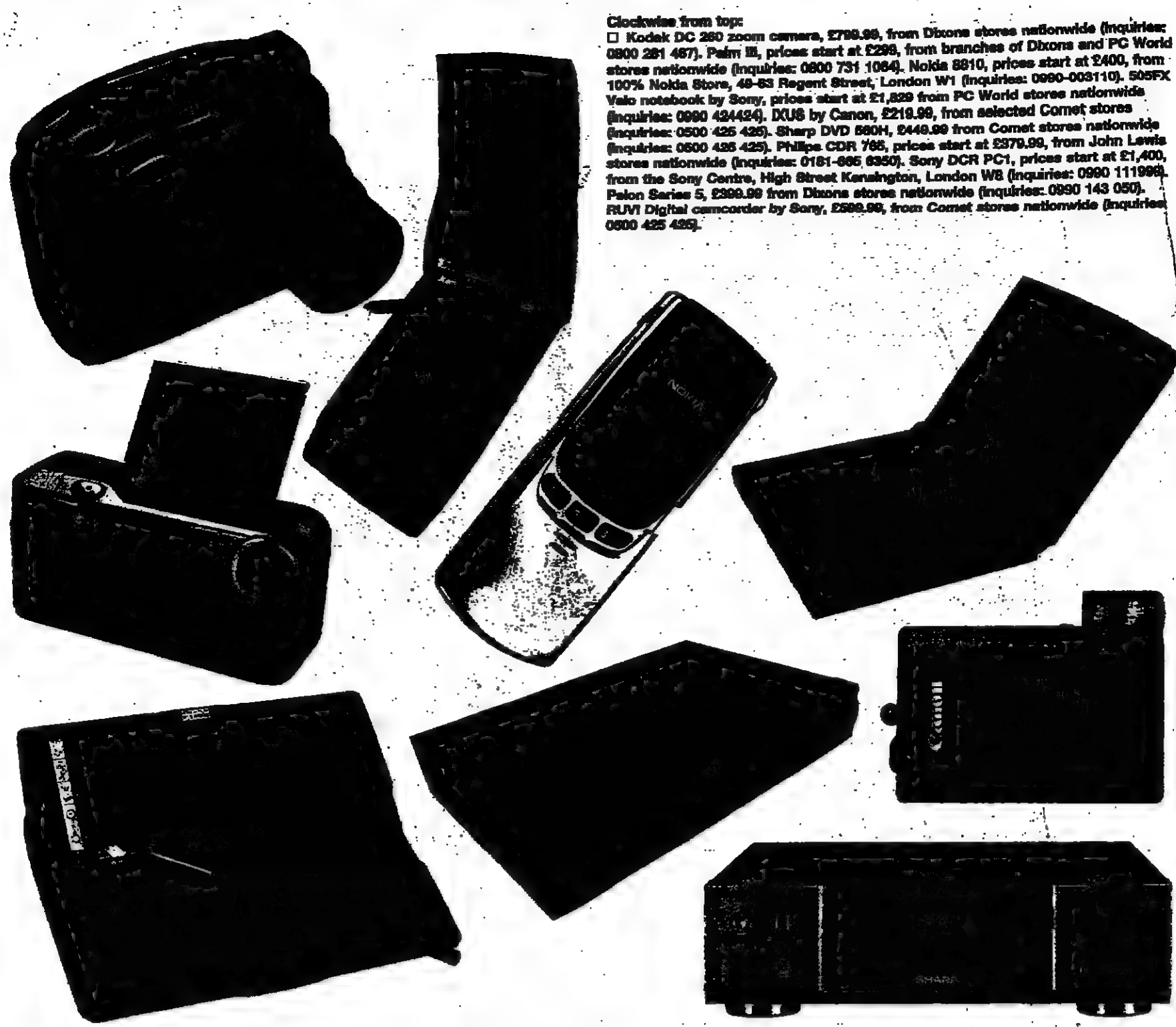
Either way, the recordings are perfect copies of the original, enabling the user to make another set of their CD collections or mix their own track selections.

Nokia's 8810 mobile phone with its distinctive silver metallic coating weighs just 98g, making it one of the smallest and most sophisticated GSM phones on the market. Although small in size and weight, the Nokia 8810 still has a large display, comfortable keypad and built-in vibration alert.

The phone boasts standby time of up to 138 hours and talk time up to two hours 50 minutes with the standard battery. The built-in infrared port of the Nokia 8810 can be used for exchanging name and number information, calendar notes as well as printing information and short messages.

It links up to a PC for data connections without any special software or cables.

Other features include 32 languages, 86 ringing tones, calculator, calendar and three games: Snake, Logic



Clockwise from top: Kodak DC 250 camera, £799.99, from Dixons stores nationwide (inquiries: 0800 261 457). Palm III, prices start at £298, from branches of Dixons and PC World stores nationwide (inquiries: 0800 731 1054). Nokia 8810, prices start at £240, from 100% Nokia Store, 40-42 Regent Street, London W1 (inquiries: 0800-003110). Sony VAIO notebook by Sony, prices start at £1,829 from PC World stores nationwide (inquiries: 0800 434424). DXUS by Canon, £219.99, from selected Comet stores (inquiries: 0200 425 425). Sharp DVD 560H, £449.99 from Comet stores nationwide (inquiries: 0800 425 425). Philips CDR 768, prices start at £379.99, from John Lewis stores nationwide (inquiries: 0181-635 8350). Sony DCR PC1, prices start at £1,400, from the Sony Centre, High Street Kensington, London W8 (inquiries: 0900 111999). Palm Series 5, £299.99 from Dixons stores nationwide (inquiries: 0800 143 050). Sharp DV560H digital camcorder by Sony, £299.99, from Comet stores nationwide (inquiries: 0800 425 425).

and Memory. Alternatively, Alcatel's One Touch COM GSM phone is described by its manufacturer as "the world's first pocket-sized smart phone" and comes complete with internet e-mail and a pen stylus for jotting on the touch-sensitive screen.

Digital photography has come of age. The latest batch of "mega-pixel" consumer digital cameras are capable of producing images to rival those of standard 35mm cameras while providing the increased flexibility of dig-

ital images that can be stored and manipulated on a personal computer - or e-mailed across the internet.

Kodak's range of digital cameras includes the award-winning DC 210 Plus and the even smarter DC280, which has a high definition 1.8m pixel sensor to produce superb images and enough detail for photo-realistic 8in x 10in images.

The auto-focus DC280 also has a 6x zoom and built-in microphone, enabling the user to add audio captions to images or capture ambient

sound. Despite these sophisticated features, the camera is simple to use and produces great photographs.

Trust Sony to build the world's most pocketable digital camcorder. The DCR-PC1 is just 5cm wide, just under 12cm tall, and 9cm deep which makes it the first fully equipped camcorder in the Walkman format. Weighing 460g (without battery and a cassette), its design is ideal for all enthusiasts who have so far been put off by the size and weight of conventional cameras.

Aside from a "steady shot" feature to reduce camera shake, the palm-sized DCR-PC1 uses a Carl Zeiss lens system and a 10x optical zoom to help achieve high quality digital video images. A neat foldaway LCD screen allows immediate playback and is useful for monitoring purposes. Once it is folded out, the display can be swivelled in any direction.

If professional television-quality video is required, try Sony's TRV900 which uses three separate CCD electronic devices to capture

each of the three main video colours, red, green and blue to produce superb quality video.

The Palm III pocket personal organiser is the latest incarnation of machines from US-based 3Com, which has helped redefine the mobile data market. The Palm III is easy to use and boasts an infra-red communications capability that enables owners to exchange electronic business cards simply by pointing their machines at each other.

Like its predecessors which have grabbed 70 per cent of the hand-held personal computer market, the Palm III is an ideal way to carry appointments and contact details around while on the move, but the lack of a keyboard makes it less flexible than some of its rivals.

It is a fully fledged hand-held PC you are after, a Pison Series 5 or one of the new Windows CE machines such as Hewlett-Packard's 620LX or LG's Phenom Express are better bets.

## Empty wrist? - watch this space

Lucia van der Post selects some choice chronometers

As the British have become more prosperous, one or two watches do not quite seem enough and a "wardrobe" of watches is increasingly the norm - particularly among men for whom the watch is the one acceptable form of personal

jewellery society at large will allow.

For those who feel underprivileged on the watch front Christmas is a perfect time to put the matter right. Some relatively inexpensive watches - albeit with less distinguished innards - have been subject to skilful and

expert design talents for as little as £100, one can find really attractive ones, many of which imitate in style much more expensive lines.

We are featuring here a selection of mainly medium-priced watches which, while not the cheapest around - and I know of quite a few

that touch half a million - are simply some of the newest and most desirable.

For those who are interested in trends, it seems there is a real move towards white gold - yellow gold, says my well-informed adviser, is still in demand "in the provinces".

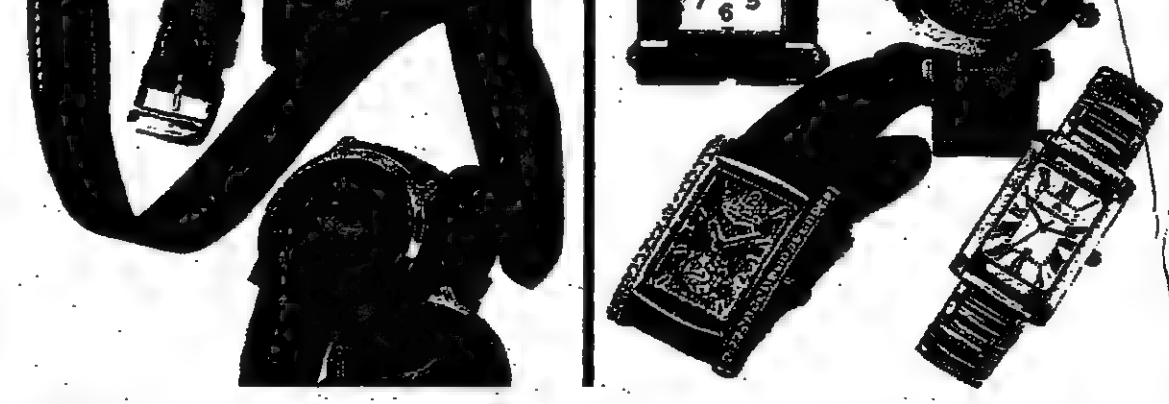
For women there are two contrary trends - for day, there is a strong demand for rugged masculine watches with big faces and straps; Cartier's Pasha, at about £1,700, is a great success at the moment.

At the same time, cocktail watches - for so long out of fashion - are suddenly sought after again. Diamond watches, once a no-no for anybody with any pretence at subtle good taste, are coming back into vogue and rose or pink gold is also returning.

Masculine metropolitan tastes have moved towards a steeper look, and indeed steel cases even on very expensive watches are being increasingly seen on smart wrists.

Steel could be said to be the "next precious metal", with many of the leading names in the business adding steel models to their existing collections: other materials such as titanium, tantalum and carbon fibre are also being used. Diving watches are still very popular, even for those who wouldn't know a fathom if they fell in it.

No need to spend a small fortune on a highly honed steel version - funky, bright, plastic ones are just as fashionable and start at about £50. TechnoMarine does them in bright yellow, red, blue and white as well as a translucent blue, all with



FOR MEN:

Cartier Pasha for Hermès, £1,000, from Hermès, 178 Soane Street, London SW1 (tel: 0171-823 1014). An extra-long black leather strap wraps around the wrist twice. Hampton by Baines & Mercer, a "classically elegant" watch, £225, (but prices start at £75), from The Watch Gallery, 128 Fulham Road, London SW3 (tel: 0171-451 3220). Gucci's latest, seen in the current ad campaign, £295, from Good Time Pieces and fine Jewellers (stockist inquiries: 0171-371 7795). Reflections by Jungheims - for punctuality obsessives, this is one of the most elaborate watches in the world - automatically adjusted to set accuracy of one second in every 300,000 years by a radio signal from the atomic clock in Germany - £295, from H. Sarauel and other jewellers (stockist inquiries: 01805 220311).

bright faces, at prices starting at £80. Chaps can be curiously reassured by the notion that it is utterly safe up to 1,000ft below the sea even though their main hobby is trawling metropolitan clubs.

According to Jonathan Margulies of Time Products, which handles the distribution of a wide range of watches, about the "most masculine watch I've ever seen in my life is the Franck Muller Conquistador; it is to me the outstanding watch of the moment. When it comes to watches they either have it or they don't and this one indubitably has it."

If it is, it seems, just as popular with women as men and one of its charms is that the case is beautifully carved to the shape of the wrist and has a rubber strap. Sadly, it is not within reach of us all as prices run at about £7,000.

Brightly coloured dials with matching straps, black dials with bold luminous hands and numerals (a visual reference to the continuing allure of the "pilot" watch, even for those who have never seen a cockpit) are altogether much sought after by the younger set.

Straps no longer have to be gold, steel or silver - rub-

ber (as in the Franck Muller Conquistador) and changeable straps in different colours (as in Piaget's 18-carat gold Miss Protocol) are popular. In the "youth" market, look particularly for the Pulsar Spoon range - especially the Drop, the Robo and the Volcano or the retro sci-fi range from Casio, particularly the Voice Recorder watch. Prices start at £120.

Whereas watches used mainly to be sold through jewellers, more and more watch "boutiques" are opening. One of the first, of course, and one of the best places in London to see a wide range of good watches

is The Watch Gallery, 129 Fulham Road, London SW3. Theo Fennell, 169 Fulham Road, London SW3, has a bar where he sells a wide range of fine watches as well as his own collection, one of the nicest of which was originally designed for his own godson.

For the funkier, younger end of the market, three newish boutiques are worth looking at - Quality Time, 201 Westbourne Grove, London W11, Watch2Watch, 97 King's Road, London SW3, and Face for Watches, Smith Street, London WC2.

Additional research by Neil Robert Wenman

Ermenegildo Zegna

100 New Bond Street, London. Tel: 0171 453 9471.

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APYICOL 20

The absolute  
fast-gasp guide  
for gift-givers

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HOW TO SPEND IT

# The absolutely last-gasp guide for gift-givers

Still frantically hunting for Christmas presents? Lucia van der Post offers some original solutions

If you have left it this late you are going to be in a little bit of trouble. All the big shops will be open until about 4pm and though many of the presents available are not particularly recherché this does not mean some aren't extremely nice. Books and CDs are the classic last-minute present and here one has to leave it to you, dear reader, to know the tastes of your nearest and dearest.

Suffice to say that for my money the best cookery book of the year is Nigella Lawson's *How to Eat*, published by Chatto & Windus at £25. I have already been the lucky recipient of some of her words of wisdom - at dinner parties this winter I have been given her pheasant with (I think) celery and her special roast chicken (simple but wonderful). A good, meaty all-round novel for those whose tastes are not too high-brow has to be Tom Wolfe's *A Man in Full*, published by Jonathan Cape. Full price is £20 but many bookshops, in particular Waterstones's, are offering considerable savings.

It has to be said, though, that all the panellists on Channel 4's late-night book programme infinitely preferred Don DeLillo's *Underworld* (published earlier in the year by Picador, £18).

Candles have to be one of the best presents this Christmas. It has become clear that the candle, particularly in its scented variations, is almost as essential to the modern home now as it was in the days before electricity. Shops all over the country have them and if I can just offer one piece of general advice it is that the bigger

and more splendid, the better. Single-wick scented versions are not as new or spectacular as the great big multi-wick ones. And now to a few specific suggestions. ■ At Joseph, always a bastion of good taste as well as zippy clothes, they believe in making things easy, and for those wanting to give the man in their life some clothing but wanting it to be above the usual pedestrian socks and ties, they have put together a Christmas hamper - all impeccably chosen

**The candle is almost as essential to the modern home now as it was in the days before electricity**

to work well together, of course. A tie, black shirt, a pair of white and black socks, and a grey wool polo shirt come in a chic box. £238. 74 Sloane Avenue, London SW3 (tel 0171-680 6900). Open until 3pm.

■ Judy Green's Garden Store at 11 Flank Walk, London NW8 (tel 0171-486 9787), is a wonderful source of garden presents of all kinds. Apart from some really original candles (in particular a Japanese version set in stone which functions more like a sculpture) she has really good antique garden implements and artefacts. Particularly attractive is a 1890s Welsh blanket with a proper leather strap for £25.

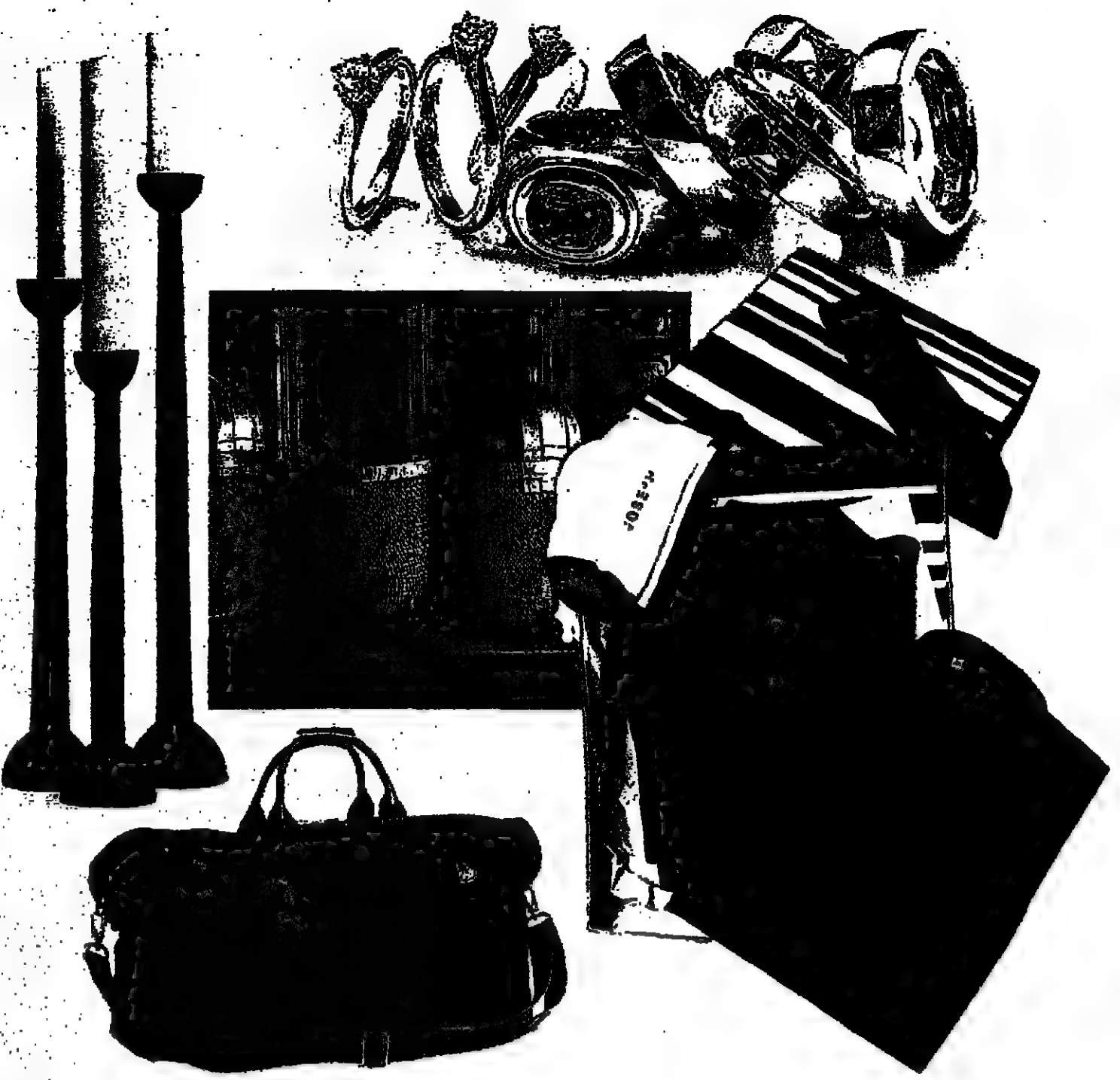
Another good buy is an apron made of calico with good pockets for holding shears, secateurs, gloves and all the rest of the paraphernalia the ardent gardener needs. £22.50.

■ Pemberton & Whitfield has been running a terrific (if not cheap) service this Christmas. From its beautifully photographed little catalogue anything can be ordered by phone and delivered gift-wrapped to any address in the UK. Today being Christmas eve it can only cope with London deliveries but any order taken this morning will be delivered by courier, ready-wrapped, by the end of the day.

You can phone 0171-871 7454 for advice but particularly attractive are the large cylindrical Vietnamese silver lacquered vases, £55 and - for men - a foldaway putting set that comes in a soft leather pouch for £275. Courier charges are included in the price. There are lots of other goodies and it is a service to remember for any occasion.

■ Barclay & Bodie, at 7 Blenheim Terrace, London NW8, is always a good source of individual and unusual presents. Best small present of the year to my mind is a tiny plastic "toroise-shell" case, small enough to fit into most evening bags, which holds a fold-up pair of magnifying glasses, £25.

Then there's a terrific gadget that slices through the tops of envelopes (£12.50) and an enchanting cut-link box, made of softest Italian leather, which holds 15 pairs of cut-links, £20. Also look out for a phantasmagoric "antique" Chinese ceramic



Top right: Rings with diamonds and coloured stones, prices from £280 to £205, from Boodle & Dunthorne, 128-130 Regent Street, London W1, 1 Sloane Street, Knightsbridge, London SW1 and branches in Liverpool, Manchester and Chester. Middle row from left to right: A set of three wooden candlesticks from Japan, £18.95, £25, £25, all from the General Trading Company, 144 Sloane Street, London SW1; Antique Chinese wicker food-carriers, about £250 each from Guinevere, 574-580 King's Road, London SW6; Menawear "hampers", £238, from Joseph, 74 Sloane Avenue, London SW3. Bottom left: Lightweight water-resistant navy holdall with leather trim, £35, from the General Trading Company.

plant-holders - from £50. The shop is open until mid-afternoon.

■ The fashion cognoscenti may all by now be swathed in pashminas but that doesn't mean that everybody else is. For those who don't already have shelves full,

the pashmina has to be the present most women would most want to have. Thomas Starzewski, 177-178 Sloane Street, London SW1, has some embroidered with bugle beads and some that are coloured in graduated shades at prices that start at

£200. The shop will be open until mid-afternoon. Madeline Trehearne and Harpal Brar, who sell their pashminas from Madeline's home in Hampstead, will deliver a pashmina - plain start at £450, embroidered at £775 - all day on Christmas

eve and even at any time over Christmas day itself. Telephone: 0171-435 6310. ■ Guinevere, 574-580 King's Road, London SW6 (tel: 0171-736 2917), one of my favourite antique shops, is open until midday so hurry. It has a wonderful collection

of antique Chinese wicker food baskets, about 25cm high at about £350 each. For those feeling more generous and wanting something more precious there are also some Western Han tomb warriors dating from 206BC to AD8 at about £800 each.

NTT Do Co Mo

## Mobility brings harmony to millions of lifestyles.

Satisfaction today cannot be judged from a materialistic standpoint alone. Emotional fulfillment is a vital necessity in our stress-filled lives. NTT DoCoMo, as Japan's leading mobile communications network operator, endeavors to ease the pressure by foreseeing the needs of our customers. We determine future user requirements and then configure services that not only specifically meet these demands but which can also utilize advances in parallel fields of technology.

The availability and convenience of such a host of mobile communications services significantly reduce everyday busi-

ness anxieties and provide effortless contact with family and friends, thereby giving the emotional fulfillment that directly contributes to improving the overall quality of our lives. And a reassuring word is welcome at any time of the year, but perhaps even more so in this particular season.

Beginning early next year in Japan, NTT DoCoMo will provide a wealth of services that are sure to have a positive impact on all cellular phone communications. The ability to access and browse HTML-based text information on the Internet from a single terminal will benefit everyone as will the exchange of e-mail, not only from one cellular

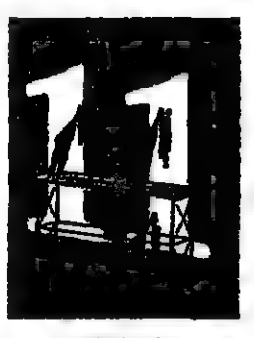
phone to another but also between cellular phones and PCs.

Obtaining airline flight information and making ticket reservations will be possible using the text information on the display. Conducting mobile banking and stock transactions in the same way will also be a reality, as will obtaining news updates, weather forecasts and shopping guides.

Our corporate emphasis on employing mobile communications to make the world a better, happier place plays a large part in the continuing success of all our business endeavors. For further information, please visit our website.

## The New Year brings new convenience.

The Japanese cellular phone market now exceeds 35 million subscribers. To accommodate further expansion, all cellular and PHS phone numbers in Japan will change from 10 to 11 digits at 2:00 a.m. (Japan Standard Time) on January 1, 1999. This renumbering will also greatly facilitate the preparations for receiving or making calls anywhere in the world using one terminal when such a service becomes available. Please ensure you input the correct number when calling on or after the above date.



NTT Mobile Communications Network, Inc.  
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## FOOD AND DRINK

Cigars / Nicholas Lander

## The new Cubans hit the UK

The first shipment of 6,000 Trinidads, the newest top of the range Cuban cigars which sell for £18 each, finally reached six of London's exclusive cigar merchants a month ago.

They were released in Havana last spring and initially introduced to, and approved by, Canadian and Mexican cigar aficionados. But, as so often in matters Cuban, no one is quite sure how these cigars came into existence.

Not even Simon Chase, marketing director for Hunters & Frankau, the British importer of Cuban cigars, who was present at the final tasting of Trinidads in Havana a year ago. "There seem to be several possible explanations," Chase

admitted, with the patience of someone who has negotiated long and hard in the smoke-filled offices of Cuba's cigar factories. "Trinidads came to light in the early 1980s although they were first made in 1969. No one knows who commissioned them but it seems most likely that they were originally designed to be exclusive gifts from the Foreign Ministry for visiting dignitaries."

Several boxes surfaced a few years ago and fetched high

prices at auction but their appearance today in an unusual commercial form - a one-size brand available in boxes of 24 and 50 - is not just a response to the growing appreciation of cigars worldwide but also to the importance of cigars to the Cuban economy, in value terms only behind sugar and tourism. The introduction of Trinidads - 7 1/2 in long with a 40-ring gauge - is also part of a Cuban strategy to create brands that will eventually replace the

best-known trademarks such as Punch, Romeo y Julieta and Montecristo in the US. Cuban cigar production has risen from 70m in 1996 to 100m last year and may even reach the ambitious target of 200m by 2000. There are no longer shortages of the bigger sizes, Montecristo A's, Double Coronas and Churchills, but supplies of the ultra-chic Robustos and the torpedo-shaped Montecristo 2s and Bellicosos are tight. There are also good stocks of

well made Coronas and Petit Coronas, which have long been British favourites. Fortunately, these are just the sizes on which young Cubans, the latest recruits to hand-rolling cigars, learn their trade. But whatever the size, Chase is keenly aware that the age profile of the British cigar smoker is younger than ever. Shays says: "Five years ago everyone listening to one of my cigar talks was over 50, today they are in their late 30s, some

in their late 20s." The change in cigar marketing reflects this, with advertisements, often mildly raunchy, appearing in younger men's magazines such as GQ, Esquire and Maxim. No longer do you have to go into the West End to find your favourite cigar. Some 16 years after Oddbins, the high street wine merchant, somewhat reluctantly displayed tubed Havana cigars in some branches, it has now expanded the distribution to all its branches.

The manager who sells the most gets a trip to Cuba and four of Oddbins' bigger stores (Battersea, SW11, Highway E1, Crow Road, Glasgow and Shiffeld Road, Reading) boast walk-in humidors. Recently, All Bar One, the trendy division of Bass, has installed glass display cabinets selling Cuban and Dominican cigars on most of its bars.

Trinidads have a rich, creamy flavour without, for me, the often overpowering strength of the Cohiba range. Trinidad stockists include: Alfred Dunhill, 0171-250 8600; James Fox, 0171-493 9009; Davidoff, 0171-930 3075; Harrods, 0171-730 1234; Havana Club, 0171-245 0890; Tomtom's, 0171-730 1790.

## Cookery

## Sip and sup some simple holiday fare

Going to the races? Taking the kids to the park? Philippa Davenport has some easy lunch ideas

Christmas day tends to be busy - eating and drinking a lot, unwrapping presents, trying to be nice to relations and collapsing in an armchair exhausted by your efforts.

Boxing day and Bank Holiday Monday call for something different. Bracing and outdoors. In England, a day at the races is traditional entertainment in the shires. A day at the seaside is growing in popularity with those who relish the exhilaration of salt sea spray and buffeting winds as they pace the shingle. No slouching, no sitting it out on promenade benches - except when it is time for refreshment. Betjeman's said in the sandwiches is best avoided in real life.

Those who prefer outings closer to home may choose to cycle or walk briskly. If the weather is treacherous you may be tempted to stay in and do some chores.

Whatever the activity, wherever the location, lunch should be simple and picnicish. I suggest hot soup, savoury sandwiches, fresh fruit that is easy to eat in the hand (apples, clementines and bananas) and something sweet. Say slices of Christmas cake served North Country fashion with wedges of Lancashire or Wensleydale cheese; plain biscuits with a bar of best chocolate; or fingers of treacle tart.

**HOT BULLSHOCK SOUP**  
This is hard work if you make the consommé yourself, an instant cheat if you use canned. Simply heat slowly and thoroughly some good beef consommé. Stir in a generous slug of vodka,

serve in cups and accompany with small squares of Melba toast topped with caviar, the grade of which, like the consommé, may be varied according to taste and budget.

## HAM AND PEA SOUP WITH LEMON AND CARDAMOM

Warm a little oil (or fat scraped from the top of the ham stock), stir in the finely grated zest of a lemon, a crushed garlic clove, the seeds from a dozen cardamom pods pounded to a powder, and a pinch of ground cinnamon. Add 200g dried marrowfat peas that have been soaked overnight and drained. Pour on 250ml fresh water and 350ml ham stock (ideally the ham stock should be flavoured with leeks; if not, add a handful of chopped celery leaves and 2 stalks to the soup pan).

Three-quarters cover the pan and simmer for 45 minutes or so, stirring every now and then, until the peas are soft enough to crush with a wooden spoon and are beginning to dissolve into the liquid. Whizz in a food processor until smooth. Gradually add 400ml more stock and continue processing until well blended. Reheat gently, seasoning with plenty of lemon juice (3 tablespoons is not too much) and adding (or not as you wish) 100g ham snippets. Crisp croutons of fried bread go well with this.

## LEEK, POTATO AND CORIANDER SOUP

Peel 500g floury potatoes and cut them into chunks. Finely chop one garlic clove with a small pinch of dried chilli flakes. Drop the potatoes and flavourings into a pan containing just enough fast boil-

ing salted water to cover them, and cook until very tender. Meanwhile, trim and slice 350g-400g leeks (tender green parts as well as white) into very thin rounds so the leaves fall in ribbon shreds. Steam over the potatoes, and whizz them in a food processor with a spoonful or two of warmed olive oil and some chopped coriander stalks. Mash the boiled potatoes into their cooking liquor to make a very smooth purée. Stir in the leek purée and a handful of chopped coriander leaves. Reheat gently, stirring frequently and diluting the soup to good consistency with more boiling salted water or light stock. Check seasoning and swirl with a drizzle of best olive oil at the point of serving.

**THAI COCONUT BROTH**  
Whizz together in the minibowl of a food processor 2-3 plump stalks of lemon grass (cut into short lengths), the contents of a supermarket packet of fresh kaffir lime leaves (minus the stalks and the central vein of each leaf), 1 garlic clove cut in half (no need to peel it), 1 green chilli (split and de-seeded), and the stalks cut from a bunch of coriander.

Tip the roughly chopped mixture into a soup pan. Add ¼ teaspoon each powdered star anise and ground cinnamon, and 1 teaspoon each of toasted and bruised coriander seed and fennel seed. Add 5 tablespoons coconut milk powder and stir continuously as you pour on and mix in 400ml boiling water. Swirl and wash out the mini-processor bowl with another slurp of freshly boiled water to get all the flavourings into the soup pan.



How to picnic in style: don't forget the chauffeur

Bring to simmering point stirring, cover and simmer for 10-15 minutes to draw all the flavourings in to the liquid. Then strain through a fine sieve, pressing the solids to extract all their juices. Reheat gently, seasoning with plenty of fresh chopped coriander leaves, some salt and lime juice to taste. Flavourings can be softened and quantities extended by diluting the broth with extra coconut milk. Fingers of toast spread with potted shrimps go well with this.

## CELERIAC, CHESTNUT AND APPLE SOUP

Fry some celeriac (500g peeled and cubed weight) gently in 25g butter in a large soup pan. When the vegetable is lightly coloured, add 500g peeled and frozen

chestnuts which have been thawed by boiling for 2 minutes. Stir the nuts around to pick up a little of the fat. Add a good pinch each of chilli powder, celery salt (pure celery salt, not celery salt-plus intended for making Bloody Marys) and ground bay plus the leaves stripped from a couple of sprigs of thyme. Stir again.

Pour on 750ml stock (pheasant or other game stock for preference) and 600ml unsweetened apple juice. Cover and simmer until the ingredients are tender. Remove a good quantity of the solids with a slotted spoon, chop them into smaller pieces and reserve them. Whizz the remaining contents of the soup pan in a food processor or pass them through a vegetable mill to

make a smooth purée. Season with salt, pepper, plenty of lemon juice and a handful of chopped green coriander. Return to the pan, add the chopped celeriac and chestnuts and reheat for serving. (Stir occasionally while reheating to guard against sticking.) This soup improves if kept for a day.

## BUTTERLESS TURKEY SANDWICHES

Granary bread is a good choice here, or ciabatta rolls. Mash a ripe avocado. Add a smidgeon of crushed garlic, a very finely chopped green chilli and plenty of chopped coriander leaves. Season with salt and the juice of one or more lemons. Mix well and spread thickly on bread, in lieu of butter. Lay slices of turkey on top, white meat

and brown, and cover with a second piece of bread, spread with avocado mash as before. (For small children, omit the chilli, garlic, coriander and most of the lime. Bind the avocado purée with a little mayo instead.)

## STILTON, WALNUT AND WATERCRESS SANDWICHES WITH PEARS

Walnut bread is the obvious choice here. Toast the bread lightly. Soften the cheese until just spreadable by working a little butter into it. Spread it thickly over two slices of bread. Lay peeled slices of ripe pear and a few well toasted walnut pieces on the first slice. Cover with watercress sprigs and lay the second slice, Stilton side down, on top.

## TWO FAVOURITE HAM SARNIES

Thick cut ham with a good edging of fat, freshly carved from the bone, is hard to beat when stuffed into a baguette of tradition spread unstintingly with unsalted French butter and a generous dollop of English mustard. If you do not like mustard, add a trickle of Cumberland sauce instead and top with watercress.

## PEANUT BUTTER AND MARMITE TRIANGLES

Few children seem able to resist these and I am partial to them myself. Sandwich together one slice of white bread spread with butter and Marmite, plus one slice of wholemeal bread spread with butter and peanut butter. Cut into triangles.

## Fruit

## Why prunes are a national treasure for the French

Kevin Pilley takes the Route de Pruneaux to Agen, centre of France's plum-growing industry

There are many museums in the world but there is only one that I know devoted to prunes. Le Musée du Pruneau Courmand is in Lufite-sur-Lot, near Agen, in south-west France, and houses a unique collection of prune paraphernalia as well as the oldest pair of prunes in the world. They date back to 1867.

Agen, between Toulouse and Bordeaux, is the centre of France's plum-growing and prune-making industry. Every September, 40,000 tonnes of the pink, velvety soft fruit are shaken into huge inverted umbrellas in the plum orchards of the Lot-et-Garonne region. A third are made into prunes by being boiled and dried.

High in fibre, iron, potas-

shum and Vitamin A, virtually fat- and sodium-free, the energy-giving prune is still going strong after nearly 500 years. In recognition of its worldwide renown, a tourist sightseeing trail has been created.

"La Route du Pruneau" winds through small villages such as Beauville, Bonaguil, Lacapelle-Biron, Mouffaines, Villeneuve-sur-Lot and the beautiful medieval village of Pujols which has a weekly market where prunes and prunes are the main commodity.

In the village square the Prune Boutique sells a wide variety of prune-related products. Local farms offer tastings to the passing trade. Nearby, at the Restaurant de la Toque Blanche, master-chef Bernard Lebrun offers his haute cuisine menu of

tartin de foie gras aux pommes et prunes fraîches, bar de tigre grillé et jus de canard acide aux prunes, risotto au foie gras et pruneaux - all finished off with a digestif of prune Armagnac. Local auberges, such as the award-winning Le Moulin de Labique, in Villereau, offer rabbit in prune stew.

Plums and prunes are everywhere. "The French treasure their prunes," says Pierre Boisson of Maitre Prunille, France's leading supplier with sales worth FF380m (£40.6m) a year. "They are in our blood. Our mothers brought us up with prune bread, glazed tarts, soft custard filled pastries, petits fours stuffed with frangipane mixtures and prunes stuffed with rennet-free cheese - as well as hearty main dishes such as salami of pigeon and beef stew. At Christmas, the turkey is always stuffed with prunes."

The Maitre Prunille company, which represents 750 growers, is named after the count of Gascony whose ghost is said to roam the orchards in full body armour during harvest time. He is a kind of ectoplasmic supervisor keeping a spectral watch on the factory workers who de-stone eight prunes a minute by hand for eight hours



a day. Maitre Prunille exports all over the world, including the UK, where it competes against growers from California. So do Pierre and Claude Boisson whose fam-

ily have been making prunes since 1835. Their shop in the backstreets of central Agen is crammed with prune bonbons, preserves and jams and their specially chocolate truffle prunes stuffed

with prune paste. They also sell prune liqueurs and eau-de-vie. Their principal markets are Belgium and Germany, itself a big producer, as well as customers in South America. Tinned prunes sell for FF92 for 2kg. Pruneaux fourrés are priced at FF292 while a 450kg jar of prune jam is FF16.

Maison P. Boisson is still a cottage industry. At the back of the shop the prunes are prepared in the traditional way; the plums are soaked and boiled in brass pots before stacking them into trays and putting them into an oven. The shop, like the museum, offers a slideshow that subjects visitors to 20 minutes of prune trivia.

The prune d'entree originated in the 12th century when Templar monks made a grafting from a Syrian plum tree brought back from the Crusades. The first trees were grown in monasteries in Haut-Queyry. Protestants driven there from the heretical Occitanian-speaking lands, and Catholic pilgrims trading along The Way of St James, popularised the plum and its wrinkly derivative.

By the turn of the century there were more than 5,000 trees in the Agen region. In French "une prune" is, in fact, a plum and a prune is "un prunier". The Agen prune, which received its

official appellation in the 18th century, was first known as the prune de Bordeaux after the port from which it was shipped in bulk to England and the Netherlands.

To today's agronomists the prune is known as "70T". The trees are pruned before they flower to ensure uniform ripeness. Blossom-time, which lasts 15 days, is in April and picking is in September. Throughout the summer, the orchards - which all have beehives to help with pollination - are watered by a network of pipes. In the old days the pickers were women called Les Fleureuses. Now the process is mechanised.

Cooking time is determined by the plum's sugar level. Usually this is between 18-26 hours at 75°C. Two centuries ago they were dried over brambles. Then in a bread oven. After drying (le machonnage), the prunes are graded into impériales (the biggest being 20g), nationales, petite rames and, smallest of all, fretins. It takes three kilos of plums to produce one kilo of prunes.

By-products include France's best-selling laxative, Fucus. Prune juice concentrate is used as animal food flavouring in Spain, where cows are said to find it irresistible. It is also used

in petfood and as an exfoliant by the cosmetic industry. Prune stones are used as fuel and fire-lighters.

The audio-visual presentation at the prune museum concludes: "What a versatile and clever little thing is the plum."

Prune Museum, 47300 Lafite-sur-Lot, tel: +33 5 53 340069; P. Boisson Confiterie, 30 rue Grande Horloge, 47000 Agen, tel: +33 5 53 662061; La Toque Blanche, Pujols, 47300 Villeneuve-sur-Lot, tel: +33 5 53 4900 30; Le Moulin de Labique, Saint-Vivien, 47210 Villereau, fax: +33 5 53 7317; Maitre Prunille, 47440 Casseneuil, tel: +33 5 53 36 1919.

Tourisme de Lot-et-Garonne, BP 158-4 Rue André Chénier A&EN CEDEX, Tel: +33 5 53 3 43 03 41, fax 55 3 68 25 42.

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Still some stickers a year on

The cars

35 200 000



# Country Homes

## Still some stickers a year on

**F**rom cottage to castle, 1998 has been a happy year for vendors in the country property market. Prices reached a post 1988-89 peak in mid-summer, falling back slightly in the early autumn when world stock markets suffered a major blip. But in the past two months, buoyancy has returned.

Even in Scotland, where one would expect anxiety about land reform to depress the market, sporting estates have been selling. Significantly, the buyers have been Scots.

erick believes, forecasting a 6 to 12 per cent rise in England, 12 per cent in Scotland and 8 per cent in Wales. *provided properties* are well placed for the new assemblies. He cites two long-term bullet points – the growth of telecommuting and the pull of the spacious country kitchen. SAP's agents find "the kitchen is the most important room for selling a house". Install an Aga if there is not one already.

Other bullet points are the *likely continuing decline* in interest rates, as the UK converges with Euroland, and the time lag between a downturn in City-derived income (and London property prices) and country prices.

However slim bonuses become, it will remain easy to move from a London house worth well over £1m to a substantial country residence, and have some spare cash at the end.

drop. In the south-west and Scotland, price falls reached 16 per cent in the year to September 1993, S&P reports. In the south-east, it is a different story. Near London there have been many farm-land buyers who are not true farmers but want some land – call it an estate – around their house, then they entrust the work to a contractor.

Thanks to these non-farmers, land values in the south-east had fallen only 3.7 per cent over the year to September, says S&P, and as a result stood at 6.5 per cent above the national average. On the edge of Basingstoke, the woodland estate of 2,857 acres sold for a single house, after about a year on the market at an asking price of £15m to £20m (through Knight Frank and Simmons). Unlike Warter, it has an important house and a superb 17th century landscaped garden.

Although a few big properties that were for sale a year ago are still for sale, the outlook for 1998 is modestly optimistic. Do not expect prices to advance much, but expect to see more properties—which should continue to command premiums.

If you are a seller, do not look at the nearest comparable sale and ask 5 per cent more. Instead, an asking price 5 per cent below would be wise. That allows the buyers to spot a deal—and bid against each other. Asking too much is dangerous. Houses stick if the guide price is not reduced for a "quick sale." Often unfairly, there is the taint of spoiled goods. There are still plenty of buyers in the £1m plus range but few houses to satisfy them.

Recently, Somerton Randle, a Georgian house in Dorset, was on the market for offers over £2.5m. It is said to have changed hands at about £3m. At the £500,000 level, Peter Lewis, Wessex partner of Stocks buying agents, finds he has "plenty of candidates for the very best examples, but fewer for the also rans".

Prices of English cottages have risen on average 7 per cent over the year, reports Robin Petherick of Strutt & Parker, family houses (farmhouses, rectories etc, in the £500,000 range) 8 per cent, and manoriums with land 10 per cent. In Scotland, rises in 1986 range from 12 to 16 per cent, and in Wales from 5 to 8 per cent. Taking the figures back to 1981, (nominal) values in England have risen 35 per cent for cottages, 44 per cent for family houses and 55 per cent for big houses.

Values will continue an upward trend in 1988, Peth-

**Near London there have been many farmland buyers who are not true farmers but want land.**

**Top quality country houses** sold well in 1998. In Surrey, FPD Savills obtained more than the £3m asking price for Snowdownham, a house with a handsome garden. The firm reports several other properties that exceeded their asking prices, which all bear out the wisdom of asking sensibly rather than greedily.

**Brand Hall** in Shropshire, which was for well over the £200,000 asking price, was an important illustration for the agency's new office in Telford.

The biggest sale of the year, however, was in Yorkshire, where all of the 11,910-acre Warton Priors farming and sporting estate was sold in the first half of the year, even though it could have gone as 17 lots. The total asking price was £33.25m. FPD Savills recommended selling speedily, since farmland values across the country were already starting to

Luton Hoo in Bedfordshire is still for sale after more than a year. This country palace combines the work of Robert Adam and Capability Brown with masses of early 20th century Beaux Arts Ritz-style gliding in the state dining room and hall with a marble staircase, added by the diamond magnate Sir Julius Wernher. The asking price in 1997 was £28m. By now it is presumably negotiable. RF is the agent.

Also still for sale, after 18 months on the market, is Mentmore Towers, designed by Sir Joseph Paxton in 1855 (four years after he did the Crystal Palace) as one of the Rothschild family palaces in Buckinghamshire. Through marriage it passed to the Rosebery family, who sold it in 1978 to the Maharishi Foundation for use as a training centre and retreat house.

In May 1997 the Maharishi followers, who have restored it most sympathetically, offered it for £10m to £15m. In May 1998, the price came down to £7m to £10m and, says Nick Sweeney of FPDSevilla, "a buyer may be nibbling. It is unlikely to revert to being a single family house."

In Scotland, the success of sporting estate sales has cheered the agents. "Land reform does not seem to have put off either the locals or the foreigners," says KF's Colin Strang Steel. "It is just

**I**n Julian and Veronica Sloane Walley went their separate ways yesterday evening and shut themselves in to wrap presents for the quietest Christmas of their lives. The children have flown the nest and at last Veronica's cluster of family members have declared themselves too old to move.

Throughout the month, the winter chill has set Veronica's thoughts turning to her former safe haven in the cosy heart of Chelsea. The wrapping of presents has been a welcome break from days of early darkness, wind in her increasing quantity of wire netting and the call of her neighbour's stray pheasants as night descends before bedtime.

Her prize present for Julian reminds her of a happy autumn in the US when Julian's firm sent him on a premature fact-finding mission into the imminent collapse of Wall Street. In one of the many shopping

the office - who shows regrettably little sign of decomposing.

But she feels like giving herself a pat on the back for finding Julian's main present.

To explain her thinking, I need to go back to the Sloane Wallays' major design and planting scheme at the end of last year. On the main sight line away from the terrace and its Lili Marlene roses, they have mapped out a new area where the garden runs away into the pony paddock and post and rail fence beyond.

They killed the grass and had a happy day burning it off with a flame-thrower. They then covered two formerly wild areas on either side of a mown path with vivid varieties of ornamental grass which Julian had picked out on a business trip to the Netherlands.

The Sloane Wallays always like to mix strongly variegated leaves with silver-grey

tic catalogues came to her rescue. Versatile Solar Accent Lights are solar-powered, which appeals to her green instincts, and come on automatically at dusk when they radiate a candle-like glow that improves safety and adds a touch of romance to the garden.

Veronica is much keener on adding some ambient romance than enhancing

**She assumed the culprits were her neighbour's cows and reached for the usual air pistol**

safety, but she thought it a

culprits were her neighbours' cows and reached for the usual air pistol which works wonders if you hit them from long range on the udders.

Creeching out to take his revenge, she was profoundly disturbed to find that the cows had far from crumpled horns and that her beloved prairie was being invaded by visiting deer.

Deer seem relatively indifferent to an argon shot at a distance and Veronica only saved a proportion of the *Miscanthus* by stampeding into the midst of them and forcing them back across the fence. The next morning, the fence was wired and she took the arduous advice of her ecological friend Valerie, who told her to equip it with small bags filled with the cuttings of women's hair.

The pursuit of this old remedy sent Veronica off to a stylist in her nearby town, but after cramming several pairs of old stockings with

that warns animals up to 1,200ft. away.

On a trial run into Horsesham, Julian established that it sent ponies in a nearby field running wild—and he has a pleasant picture of Veronica attacking him by the car when she fetches him from the station, terrorizing any remaining deer with designs on the Gardeners' Garters.

Veronica has no forewarning of the Deer Alert, but in her view, it will not be needed. From the Gardeners Supply Co, 138 Intervale Road, Burlington, Vermont 05401, she has acquired a large packet of a product called *Not Tonight Deer*. "Protect your garden and expensive landscape shrubs from 'ravenous deer,'" the publicity announces, "with this simple and effective natural repellent" — \$6 for enough to make two gallons.

Now well into her 50s, Veronica is alysally pleased with the double meaning in

The pattern has not changed since the Highlands became popular in the last century. These buyers are the next generation of successful entrepreneurs who are ready to spend their money on fun for themselves while providing jobs for keepers, ghillies, cooks and cleaners. They know that the financial returns on these estates are normally negative. They might also guess that the new Scottish assembly will be less likely to enact major land reforms.

early for Christmas and acquired a range of the latest Bio Pets. "When have you ever seen cow manure look so cute?" the advertisers enthused, announcing a special offer of biodegradable chickens, toads and rabbits at \$12.95 each, made from dried and shaped dung.

She bought Julian a pair of toads, thinking that when the joke was over they could usefully decompose in the bed intended for next summer's display of trailing mauve petunias. With hind

For once, their plan has worked fabulously and they have enjoyed thick clumps of a trendy purple Miscanthus, silvery grey Festuca and a rapidly spreading profusion of the old variety known as Gardener's Garters.

The Sloane Walleys are never content to leave a planting where other designers decide that they have had enough. Veronica was quick to see the scope for illuminating the new wilderness of ornamental grass

the instructions and found that the system "mounts three ways", which reminded him, he said, of one of the new bond dealers in his London office.

For a month or two in late summer, the Solar Accent Lighting looked undeniably effective in the late evening as it radiated through the silvers and stripes of the ornamental grass sward. In late October, however, Veronica was puzzled to see from her bedroom window that the developing canopy

The Solar Accent Lighting has had to be disconnected because it seemed to attract the migrants from the nearby woods. Sterner measures are needed and last night, without consulting one another, the Sloane Walleys wrapped up a new weapon for each other.

Julian is extremely pleased with his choice, a proven Deer Alert. This high frequency whistle is

been a message she has found difficult to communicate by other means. When the remaining ornamental grasses have been thoroughly sprayed with NTD, she is confident that she will have curbed what one of her ecological friends assures her is known as Buck Rub, now showing dangerously on the trunks of the avenue of the nearby variegated maples.

Even at Christmas, Buck Rub is something which no Englishwoman's garden is

The hardware of motoring has become better and better—increasing traffic—and government cutbacks on spending on British roads—have made the conditions under which we use it significantly worse.

When reviewing new models during the year, I have often made the point that today's cars have become so good that in their respective classes it is difficult to differentiate between them. This applies to all kinds of cars—luxury saloons and urban runabouts, recreational four-wheel drives, sports tourers, multi-purpose vehicles and family hatchbacks.

And the national differences, once so evident, have all but disappeared. Years ago, you used to know a car was French because it had soft, squasy seats and long-travel suspension. German cars had hard seats and bullet-proof build quality.

But the cars I have driven in 1986 have, with only a handful of exceptions, had fairly firm and supportive seats and suspension. I make the slight error of had made while avoiding any generalisations on nor-

# The car

ners. Nor is top-notch build quality any longer a German monopoly, as sampling any current model of French, Italian or Anglo-Japanese (I mean Honda, Nissan and Toyota) manufacture will confirm.

Looking back over 1996, though, a few new cars do stand out for their sheer technological excellence. For example, the new Mercedes-Benz S-Class is undoubtedly the best volume-produced luxury car in the world. Driving first an S-320 and then an S-500 from Zurich to Stuttgart on all kinds of roads, from mountain byways to the still non-speed-restricted German autobahn, I found myself marveling at its comfort and refinement, safety and performance. Self-levelling air-suspension brushed aside poor surfaces and helped the big car to behave on winding roads as if it were a small

**cars are**

**Stuart Ma**



**The Ford Focus: superb handling and nimble sports model.**

**A "smart" cruise control, radar-linked to maintain a safe distance from the vehicle in front, was only**


**Motor**  
**better,**  
**Marshall gives his o**



**and user-friendly layout**

**one of its electronic marvels.**  
**Others took care of navigation,**  
**communication, maintaining traction on slippery**  
**surfaces and ensuring that**

bringing  
the tra  
opinion of this year



drivers could not demand  
more performance than they  
could safely handle.  
An equally pleasant sur-  
prise in the top executive

# affic is

's models

class was the Cadillac Seville, newly available with right-hand steering. This large but not bulky V8-engined saloon offered American-style tranquillity and effortless yet went in a thoroughly European manner. It also had an interior of understated luxury - all for far less money than one would spend on a Lexus, let alone a Mercedes-Benz S-Class or BMW 7-Series.

The most exciting car to come my way in 1998 was undoubtedly the Jaguar XKR, a supercharged two-seater (well, two adults plus two uncomplaining children) coupé. Whether it is sensible for manufacturers to continue to offer buyers cars with so much performance that it can only be exploited by breaking the law is not for me to say. I have a feeling that cars like XKR are really hostages to fortune. That having been said, in

# worse

responsible hands it is a magnificent driving machine. It rode on its ultra flat tyres with almost limousine comfort and lack of road reaction, had super-vigorous acceleration and braking power to match, yet drove with the ease typical of cars with automatic transmission.

Moving down in size, price and power, the two cars that impressed me most were the new BMW 3-Series and Ford's Focus, the latter chosen by overwhelming vote as European Car of the Year. It is tempting to think that as mass-produced small/medium cars are now so good, the main reason for going for a premium-priced product must be to maintain one's place in the company pecking order.

I have said as much myself, but it is a narrow view... excellent car though the Focus is, with superb

handling and one of today's most user-friendly interiors and control layouts, there are subtle differences. They are difficult to describe but easy to detect after the first few hundred miles. Whether it is worth paying at least 30 per cent more to have the benefit of them is for the buyer to decide.

Leaving aside the re-launch of the Mercedes A-Class, my main interest as I moved towards popular motoring's broad base this year was aroused by the new Peugeot 206 and Renault Clio. I liked the Clio better than the Car of the Year jury, who made it a poor third to the 206's second. Going down still further in size and price, I rated the lofty Hyundai Atos and Daewoo Matiz tiny value and so practical that they must be the shape of things to come in urban motoring.

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## Motoring

# The cars are better, the traffic is worse

### Stuart Marshall gives his opinion of this year's models



**The Ford Focus: superb handling and user-friendly layout**

class was the Cadillac Seville, newly available with right-hand steering. This large but not bulky V8-engined saloon offered American-style tranquillity and effortlessness yet went in a thoroughly European manner. It also had an interior of understated luxury — all for far less money than one would spend on a Lexus, let alone a Mercedes-Benz S-class or BMW 7-series.

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## PROPERTY

## London Homes

## Shafts of light in the gloom

Amid conflicting predictions, one factor is clear: it's a buyers' market, says Anne Spackman

Here is a comforting thought for anyone thinking of selling a London home in 1999. One respected estate agent and development consultant believes the capital could be in for a mini-boom next year.

Linda Beane of Beane Pearce bases this view partly on conversations with potential buyers. "They are all sitting in rental accommodation saying they will come out in the spring," she says. "If they do, they will be competing with each other for the same properties and prices will go up again."

A more commonly expressed opinion is that 1999 will be a tough year. Analysts' predictions of price movements across London vary from minus 5 per cent to plus 1 per cent. For some, that is on top of the 5-10 per cent by which prices have already come down in the past six months.

The market hit the buffers this year for two reasons: prices were too high and confidence was rocked by global financial turmoil. The key issue for 1999 is to calculate what, if anything, will trigger a return of buyers to the market and restore price stability.

Many, like Linda Beane, believe that the trigger will be further falls in interest rates. The increasingly cheap cost of borrowing is the other factor in her optimistic equation. With mortgage packages on offer at less than 4 per cent, she believes rent-

ing will seem an absurdly expensive option.

There are others, such as Yolande Barnes of FPD Savills, who believe further interest rate falls are irrelevant in a climate where buyers are not choosing to gear up and where interest rates are already relatively low.

Those potential investors currently circling the market for bargains also need to bear in mind the impact of low interest rates. Like prices, London rents peaked in 1998. Now they are on the way down.

The supply of property avail-

able to rent has grown very rapidly, but is not matched by an increase in potential tenants.

Central London agent Chard says it had 60 per cent more properties on its books in autumn this year compared with last.

The past few weeks have seen the first reports of significant falls in corporate tenants, as bank and oil company relocations dry up. Chard reports a glut of properties in the £500-a-week plus bracket. One house in Trevor Place, Knightsbridge, went on the market for a rent of £1,000 a week in August and found a ten-

ant at £1,000 a week in November. The market is reported to be stronger at the lower end, up to £300 a week.

In the sales market there are fewer doom-mongers now than in the dark days of September and October. This is partly because stock markets have stabilised and partly because sellers have discovered that if they drop their prices, they sell their properties.

Berkeley Homes, London's leading development group, reduced the prices at one of its vulnerable schemes at Trinity Square in the City this autumn

and sold out in three weeks. On schemes where it set prices lower in anticipation of market falls, sales have been good.

This may seem like obvious economics, but it was not the case in the recession 10 years ago. Then, properties would not sell at any price because buyers could not afford to buy. As a result, the market went into free-fall.

That does not look likely in 1999, unless the economic climate deteriorates drastically.

What most commentators expect is that the low turnover

that has characterised the second half of 1998 will continue at least through the opening months of 1999.

As FPD Savills reports in its autumn research bulletin: "The expansion of the world economy creates demand for housing in London." Ergo, a shrinking world economy is likely to mean a quiet time.

Moving house in London became much more expensive in 1998, with stamp duty on properties costing more than £500,000 rising to 3 per cent. De Groot Collis reported that 60 per cent of their vendors withdrew their homes from sale in the autumn, preferring to stay put, rather than reduce their asking price.

This is a good time to be a buyer in London. But most people are sellers, too. If I were them, I would not add my property to the long list of this year's leftovers until there was evidence of activity picking up again.

## Shifting fashions in the capital

Any list of places vulnerable to a downturn in the market 12 months ago would almost certainly have included Clerkenwell. Yet this area, which had never hit the £1m mark before this year, has seen a house with an asking price of £1.85m sell quickly and well in the gloomy autumn of 1998.

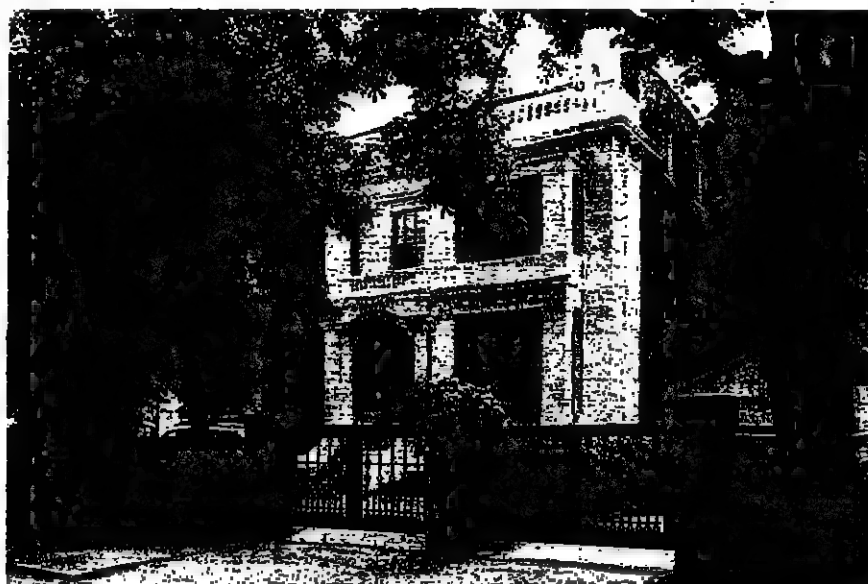
It is evidence of a significant shift in what London buyers perceive to be prime property. The building itself and its immediate surroundings now seem to count more than the traditional status accorded by the postcode.

The Clerkenwell house was sold by Chesterfield, whose other exceptional deals took place in Fulham, Battersea and Notting Hill. "What is interesting about these sales is the fact that our office is based in Knightsbridge," David Forbes points out.

The definition of what are the prime London areas has also been shifting. It is now widely accepted that Hol-



Among the Mayfair top-sellers: Renaissance Court



Successfully sold in the £2m plus bracket: Addison Road in W14



Another big deal in the City

land Park and the areas of Notting Hill which border it have overtaken Chelsea and even Mayfair in terms of pounds per square foot and desirability.

"Holland Park has become more expensive than Mayfair because it offers good, user-friendly, family accommodation," Jonathan Hewlett of FPD Savills points out. "It has large freehold houses, with gardens and parking and access to good shops."

He ranks The Boltons in the same category. Among this year's big sales in W14 were three in

Addison Road and Holland Park at £7m-£8.5m. A price of £12m has been agreed for a new house to be built in Addison Crescent.

That said, the most expensive sales of the year have taken place in London's old heartlands, where there are bigger properties.

The year's highest price was the £15m paid for Andrew Lloyd-Webber's house in Eaton Square, Belgrave, which was sold by FPD Savills. His replacement home, composed of two flats in Chester Square knocked into one, was also among the year's big deals.

In Wilton Crescent Aylesford bucked the autumn trend by finding two competing purchasers for a house which had failed to sell in the more buoyant spring market. Despite a 48-year, unenfranchisable lease, the house sold for nearly £7m.

Mermoid House, a spectacular one-off property in huge gardens in St John's Wood, was the year's other blockbuster sale, going for £12m through FPD Savills.

Mayfair may have become cheaper, but it still saw two sales in the £8m-£10m bracket. They confirmed the

trend for buyers to pay a premium for newly refurbished, top-quality, finished property.

The area's top price was paid for 19 Upper Brook Street, sold jointly through Wetherell, De Groot Collis and DTZ.

Running it a close second was the remarkably discreet Renaissance Court, which hides more than 11,000 sq ft of accommodation, plus garages and access to private gardens, behind a very sober street front. Knight Frank was the selling agent.

Hampstead saw a record price achieved for a flat of

£4.38m at the recently converted Inverforth House. However, the Bishop's Avenue area has generally been very quiet, with the Brunel royal family not active in the market. One of the few big sales was Sunningdale, which FPD Savills sold for £3.35m.

The first reports of sales sparked off by internet viewings were reported in 1998. Friend and Falck sold a £545,000 house in Clapham to a buyer who first spotted the property on her office terminal in the City. The same agent has a second internet sale under way.

Almost as notable as what has sold is the list of properties still on the market. Well over a dozen properties with asking prices above £3m have been for sale for at least six months.

Some have been on for well over a year. The most expensive is Number One Cambridge Gate, a huge, restored, end-of-terrace overlooking Regent's Park, priced at £16m.

Willie Gething of the buying agency Property Vision points out that houses costing more than £10m tend to be immune from what is happening elsewhere in the

market. However, they can often take a long time to sell, because of the scarcity of buyers in that league. With so few comparables, their value is what someone with deep pockets is willing to pay for them.

Selling agents of unsold properties priced between £2m and £10m report that in many cases offers have been made and turned down by owners who believe they can hold out for more. Perhaps another few months on the market may change their minds.

A.S.

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مكتبة الامارات



**A**wet Monday. Torrential rain. Depressing? It depends where you

Just time for a round of fairly unpleasant "Bank Breakers" - a melon liqueur and whisky cocktail dedicated to Nick Leeson - at Harry's Bar. And we were off again. Phew! Just the 13-hour flight to London to go now. And not a lot of change out of £5,000 for my 10 nights on earth and 53 hours in the great business-class saddle in the sky.

A.W.

**After breakfast in Perth we cruised the Swan River with a local winemaker**

journeyed from London one Friday afternoon to Los Angeles and onwards to Fiji, Auckland, Sydney, Perth and home again via Bali and Singapore. Total distance - about 29,000 miles.

It was more a question of going down for air rather than coming up for it. Like good tourists, we did the lot: the celebrity homes tour of Beverly Hills, the stroll down Sunset Boulevard, swarming with Halloween revelers, dinner at the Skybar and breakfast in the Speakeasy Restaurant at Santa Monica's Georgian Hotel, where Bugsy Segal and Al Capone used to meet.

Although we never saw them, crocodiles were said to be lurking in the tranquil waters of Cowan Creek. What we did see - from the air during our return flight - was the joyful spectacle of two huge whales gambolling in the

For good measure we also did

then find the package that came as near as possible to our travel plan. We felt too many stops would be exhausting both for the children - Christy, aged eight, and Daniel, three, - and for us.

**A**fter ringing various agencies we settled on STA Travel, which organised a Malaysian Airlines/United combination ticket for \$357 (adult), with stopovers in Kuala Lumpur, Sydney, Auckland, Los Angeles and

For \$280 it is possible to fly from London via South Africa to Australia, stop on both coasts of the US and return. For \$920 you stop in Hong Kong, Bangkok, Singapore, Melbourne, Auckland, Mexico City and New York before returning to London. Routes via Japan tend to be up to \$300 more expensive, as are journeys with stopovers in South America.

The first thing was to decide exactly where we wanted to go -

While the basic cost of the ticket is reasonable, the extras quickly mount up. We want to fly to Bangkok from Kuala Lumpur and come back down the peninsula by train. The single Bangkok air fare per adult is £94. We

## Round the world with a family – the costs

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Insurance, family worldwide		£170
Total		£3,986

☐ For STA Travel London: Tel: 0171-361 6262, fax: 937 9570  
☐ Trailfinders also specialise in round-the-world packages: Tel: 0171-838 3366, fax: 0171-937 9294.  
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that wet October afternoon - the trip was going to cost so much, we probably would not be embarking on the journey. But the sun tan lotion and insect repellent are packed, the chilli crabs are heckoning. Wollongong awaits my golfing prowess and somewhere high on a mountain in New Zealand - a Chinese magician is watching out for his round-the-world visitors.

K.C.

date...update...update...update...update...update...update...update

Maori New Zealand trip next November: 23 days looking at modern Maori culture in the company of lecturer Bill Tawhiki; guests will even spend one night on his home *marae* (tribal centre). Plenty of time to see the scenery and *pakeha* (European) culture too. Cost: £4,250.

holiday. The Association of Independent Tour Operators has just published its 1999 directory of 160 small outfits which will arrange anything from Antarctic cruises to Lourdes pilgrimages to Belgian golf. Spanish beaches too, so don't all call the 0181-807 9080 brochure line at once.

and Golf Links, near Dublin: included are visits to the 1780 Old Jameson Distillery, whiskey tasting evening at the hotel (the Jameson family's former home), round of golf, a gourmet dinner, and demonstrations from the World Irish Coffee Pouring Champion. Costs about £200; call +353 1 846 0611.

**☐ SAXOPHOBES:** February 18-21 sees York's annual Jorvik Viking festival, when hundreds of warriors storm the city to battle the Saxons. Historic walks, boat-burning, feasts, lectures and fireworks mark this spring celebration. 'Information from' +44 01904-636668.

Mandarin phrasebook, or just an eight-volume guide to Australian weevils? The Natural History Book Service puts out catalogues listing 60,000 travel and wildlife guides to everywhere, free from 01803-865913 or on <http://www.nhbs.com>

☐ **KIWI CULTURE:** Following the London Maori exhibition, British Museum Traveller (0171-323 8895) is mounting a

alcat, and the only one you can sleep in - moored in Bembridge harbour on the Isle of Wight, it's available for bed and breakfast. Call 01983-874586.

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**John Westbrooke**



## TRAVEL

City Break: Urbino

## Just crying out for the weather forecast

There are some interesting customs in the Le Marche region of Italy – and fascinating history, says Christopher McCooney

I don't know what BBC television weatherman Michael Fish would make of it. At cock crow on January 25 the inhabitants of Urbino, in Italy's Le Marche, will be out on their doorsteps inspecting onions that they have sliced and sprinkled with salt before going to bed the night before.

Apparently the weather is forecast for the rest of the year, depending on the colour of the rings. When I heard this story I laughed so much it fairly made my eyes water.

During the turbulent Middle Ages, Urbino used to be called Castel delle Ripe. In 1277, it was sacked by its warlike neighbours from Urbino. But all was not lost: a knight from Provence called Guillaume Durante liked its defensive position on the River Metauro and so had the town rebuilt in 1284 and, modestly, called it Casteldurante.

The present name was adopted in 1636 when the, by now, prosperous pottery town decided it made sound sense to fawn to, and flatter, the pope, Urban VIII. At that time there were 40 kilns working in the town and 150 potters producing the startlingly bright coloured majolica vases and plates.

Some of these are on display in the former Ducal Palace. It takes a bit of effort to visit the museums of Le Marche. It is a sleepy part of Italy well off the tourist routes, but this makes it very special.

More than once I asked the local custodian of a museum or castle to open up especially, even though the official guidebooks said the places were open daily. There are just so few people around. At Urbino, I wanted to see the work of Gerard de Cremer. Back in the 1960s, one of the courses I had taken as a geography undergraduate was cartography. More commonly known as Mercator, the Flemish geographer is best known for



Urbino: the city works – as a centre of study, as a tourist attraction, as a workplace. In the narrow streets, scooters are the best way to nip up and down the steep gradients

Christopher McCooney

his projection in which the path of a ship steering on a constant bearing is represented by a straight line on the map. Mercator's projection has been used for nautical charts ever since.

Mercator also coined the word "atlas" – in 1595 he published the first book of maps of Europe and on the cover was Atlas holding a globe on his shoulders.

For those not of a squeamish nature, make a special effort to visit the Church of the Dead in Urbino. At 11am on certain days (posted on the door) the mummies may be inspected – they are in a back room leading off

from the main church. There are 18 human bodies, all naked except the one in the middle, the earthly remains of prior Vincenzo Piccini, who expired in 1832. To save his priestly modesty he is dressed in robes.

Those that flank him, standing either side behind glass, are in various states of desecration, all obviously human – for some, the macabre rictus is grinning, for others grinning. They reminded me of actors and actresses waiting to audition for a ghoulish porn movie.

The bodies have been mummified naturally by reason of a mould. They were

disinterred in 1833 in keeping with the Napoleonic edict of St Cloud of 1804, which required that cemeteries be instituted out of town for sanitary reasons. The church is run by the Confraternity of Death, an order founded in 1687 to help and comfort condemned men, the poor who could not pay for their funerals and the destitute.

There are not too many obviously in need of the order in nearby Urbino. It is a stunning medieval city, which glows pink in the evening light, atop a hill overlooking a valley. Go within its walls and the sur-

prise is how much modern bustle you encounter.

There is something immensely satisfying about a laundromat in a 14th century building, a computer shop cheek by jowl with the house that the painter Raphael was born in, and a university (founded in 1506) that still has a course in herbal medicine and whose every student appeared to be wearing the latest in fashion accessories.

Urbino is a city of 16,000 inhabitants and 25,000 students. The leggy female pupils, dressed Italian fashionably, distract; the sprayed graffiti detracts. But

the city works – as a centre of study, as a tourist attraction, as a place of earning a living in the narrow streets where delivery vans nudge around corners and scooters are the best way to nip up and down the steep gradients.

Of course, it would be better for those nosing around if the internal combustion engine was banned but Urbino is not a living museum.

Having said that, there is much to see if you consider art and culture are part of Italy's charm. Do not miss the palace of the city's most illustrious figure, Federico da Montefeltro. An

extremely shrewd politician, a condottiere or professional military captain, he seized the opportunity to become the powerful lord of the city on the death of his half brother in 1444.

A humanist, he was wise and resolute and a brave fighter. After losing an eye, and having his nose broken, he was nonetheless vain enough to insist that he be painted only in profile and, needless to say, from his best side. He was, by all accounts, the perfect Renaissance prince.

When you have overdosed on religious paintings and Roman reliefs, take to the

hills. The white roads of crushed limestone wind and wind all over the rolling landscape – part wooded, fields of rippling wheat, with vineyards on the steepest slopes, olive groves and wayside cherry trees providing succulent snacks and stones to suck on.

In June, Le Marche is in the full flush of its stunning wildflower display. Bright yellow broom bestrides the hillside but in the fields, verges and woods the less bold flower in equal abundance: delphinium, orchid, lily, fritillary, camassia, gentian, viola, poppy. And I saw my first Golden Oriole. Ever since reading the story of the same name by H.E. Bates as a teenager, I had always yearned to see one.

At night, staying in an old hunting lodge high in the hills above Urbino, having been fed and watered well, I would sit outside looking towards the Adriatic. A nightingale sang from a distant thicket, fireflies danced dervishly, dogs barked in isolated farmhouses passing the message on – the same sounds and sights that had endured in this part of Italy for thousands of years.

Christopher McCooney was a guest of Headwater, 146 London Road, Northwich, Cheshire CW9 5HH. Tel: 01606-813333, fax 01606-813334. The company operates a seven-night independent walking holiday in Le Marche from £299 per person (self-drive) or £376 per person (fly to Bologna). Mr Vera and Massimo DeBoni run Ca' Lante (tel: 0543-722 340878), a former 15th century hunting lodge once owned by the Dukes of Urbino. It is now a 10-bed roomed farm hotel. Vera does the cooking while Massimo grows, organically, much of what is eaten. There are no televisions. Massimo's pride and joy is his collection of 20,000 books and 12,000 78rpm records.

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السفر والرحلات







# FT WEEKEND

True Fiction / Malcolm Burgess

## Virtual party for DIYers and anoraks

Party, party, party. But it's easier said than done. In spite of all the practice we have put in over the past few weeks, will we do justice to the big one - The Millennium Bash? Will we be able to party like it's no longer 1999?

The importance of getting it right is so great for some organisations - mostly corporate and governmental - that they already have whole departments devoted to ordering the juggler and the blue cheese dips.

But the millennium gig was always going to be big business for the dedicated party-planning outfit. These are generally smallish niche businesses that do the lot - provide the venue, organise the food and entertainment, and sluff down the revolting mess left behind.

One leading party planner, Let's Spend a Night Together, has been touting hard for busi-

ness. It has sent recommended programmes to a number of leading companies.

For Ikea, the Swedish furniture giant, it suggests a party that remains true to its founder's philosophy: something low-key, democratic and easily put together.

On arrival each guest would be handed a simple, flat package called "Brit", containing a range of activities which guests assemble themselves. Among them: a quiz based around the range of furniture named after the members of Abba; and Pot Shots, a game of skill and speed requiring players to erect the "Agnetha" storage unit.

As part of his corporate mission seems to be to appear on every page of the *Guinness Book of Records*, the plan sent to Richard Branson involves holding the Virgin millennium party on hot air balloons tracing a figure of eight over northern Europe.

Rupert Murdoch is being offered something a little discreet for the great party of the Sky organisation to avoid appearances of triumphalism. To emphasise this, Manchester United's Old Trafford football ground is the suggested venue.

For Saatchi, Let's Spend a Night Together recommends the cool, white conceptual space of London's Saatchi Gallery - ideal

for a party that will be asking one very important question: what happens next?

Old and new Saatchi friends, including ex-Tory cabinet ministers, young British artists, Turner Prize-winners and the inevitable advertising community, will spend some time playing "Hunt the Cusp of the Zeitgeist" and just hope that something turns up.

For a company that has invested so much recently in placing supermarkets in the most unlikely places - in crowded city centres - Tesco is being advised to convert Wembley Stadium into a giant check-out for the night, to ram home

the theme of supermarket buying power and market share.

The party-planner is particularly canny in this instance as it is tying in a proposal that would see, if successful, a Tesco megastore as part of the redeveloped Wembley site.

In the hope that the Microsoft party will manage to struggle on after midnight, the plan is for the world's first on-line millennium party. A poll of computer users in November established that most of the respondents will not be venturing outside their homes as 1999 changes to 2000. Let's Spend a Night Together proposes to offer them a piece of the action with a virtual party,

A click on the anorak icon (top right corner of a standard screen) would turn each guest into a raving millennium party-goer, ready to make small talk with others; sample interactive sausages on sticks; play unique games such as "Cat and Net-scape", "Bad Apple" and "What's My Next Line After Windows '98?"

At one minute past midnight, chairman Bill Gates will read his millennium message to anyone still plugged in.

FPL, the firm which brought us Dolly the Sheep's cloning technology, has recently been floated on the stock exchange. A party to celebrate the "future as

genetic engineering" seems to be called for and the plan is for a special recreation of Dolly's Nativity and virgin birth to be held at the company's corporate headquarters.

At the stroke of midnight, three wise men will break into a chorus of "Hello, Dolly!". Genetically modified Millennium Morsels will be provided exclusively for the event by Monsanto.

The new Marks and Spencer chairman, Peter Salisbury, is being steered towards a celebration that will clearly reflect his company's new programme. M&S should hire Jean-Paul Gaultier as chief designer to rework old store favourites, including cone-shaped Y-fronts and dominatrix kilts.

The company will in future be known as S&M.

Let's Spend a Night Together is still waiting for the companies to respond. It lives in hope.

Metropolis

## Why do the English enjoy prolonging the misery?

Michael Carlson gives an American's view of Boxing day

Who says "It's a Wonderful Life"? Not the English. If Bedford Falls had been in Bedfordshire, Jimmy Stewart's body would still be floating face down in the river. Tiny Tim may have triumphed in a *Christmas Carol*, but the ghosts of Scrooges past present and future live on in England, manifested in a Christmas anxiety which, to an American, falls just short of perverse.

In the US, the 26th will be the day after Christmas. The nation reverts to normality. Stores open, prepared for the onslaught of happy Americans looking to upgrade their Christmas gifts. No one is offended when grandma dashes off at first light to exchange those carefully selected slipper socks for a personal stereo. They will all be busy doing the same. Because Americans disposed of the family's turkey dinner back at Thanksgiving, they are free to indulge their consumer instincts to the full.

In England, however, Saturday is Boxing day. Nothing tells you more about the English character than the fact that the English hate Christmas so much that they added a second day to it.

Before Christmas, the capital throbs with manic activity. Since the English need reminding that the tradition includes the exchange of gifts, Christmas decorations are put in place obscenely early, roughly a few seconds after the last Guy went up in flames in the bonfire night ritual of early November.

The central stores aim to lure the entire population of Greater London, plus tourists, to the same three blocks of Oxford Street, at which point London Transport can announce that Oxford Circus station is closed.

Cities far harder than London manage to soften with the Yuletide. New Yorkers, normally too busy with their own preoccupations to do anything but growl at those interfering with their life, liberty and the pursuit of happiness, actually gaze soporily at skaters in Rockefeller Center. Muscovites are caught smiling without the benefit of vodka. But in London, the mere thought of Christmas turns normal English reserve into industrial strength Bah Humbug.

For a crowded island nation which produced Isaac Newton, the English in Oxford Street and its shops toy with the basic rule of physics, which states that two objects cannot occupy the same space at the same time. Incidental contact which might cause a rugby forward to stagger is the minimum requirement for ac-

knowledging the presence of another human being. Walking down the street is like jitterbugging in a minefield. Two steps, stop, step, stop, stop, LOOK OUT!

The English move like drunken worker bees, in diagonals, crisscrossing in front of each other in order to pretend that they are each alone. Suddenly, the foreigner realises he is the only one

Try making eye contact with the woman carrying a fridge freezer in her shopping bag

shopping and starting. Everyone else is moving steadily, eyes focused firmly at their own feet, in a pattern of interlocking Xs that would do Busby Berkeley proud. The etiquette is simple. You get slammed, you apologise: "Sorry. Excuse me. Ooof. Sorry."

The sense of obliviousness increases in inverse proportion to the size of opening the crowd is trying to fit through. Did someone say "crowded island nation"? Try making eye contact with the woman carrying a fridge freezer in her shopping bag as the first Northern Line train in 12 min-

utes pulls up to the platform. The bag swings in an arc with your knees at its spot. You can't move; she won't look. And speech is out of the question; this is England and you haven't been introduced.

There is a solution: the Christmas party. In fits of monumental drunkenness, the English disguise themselves in hats, pull crackers and pretend they like each other. They might even acknowledge your presence. Not that it matters, all will be forgotten by New Year.

Stripped of his paper hat, however, the average Englishman has about as much desire to entertain as he does to put on a beret and sing the "Marseillaise". Even so, according to the Automobile Association, at Christmas between 40 and 50 per cent of the country will take to the roads to visit the other 50 to 60 per cent.

Once they get there, they will be trapped. Literally. Public transport shuts down on the busiest travelling days of the year. The police, virtually the only people working, pile up holiday overtime while achieving their mission-statement goal of Breathing every driver in the nation in one day.

Of course, the threat of breath tests won't keep the Great English Motorist off the road. But the absence of roadworks will. Without a six-mile tailback on the M1, the joy of holiday travel disappears.

So while they wait for everyone to take to the highways simulta-

neously, they are stuck playing either host or guest, sadist or masochist.

If you think the term sadist too strong, consider two words: mulled wine. Also known as the host's revenge, mulled wine uses fruit, cloves and heat to turn gallons of the merely undrinkable into something truly life-threatening. Mulled wine originated at parties thrown by the Britons for their Roman conquerors. Eventually, the Romans took the hint and left, taking their central heating with them.

The English prepare for Christmas the way survivalists anticipate the third world war. Supermarkets become mini-Dunkirks, emptied of anything remotely edible, even Brussels sprouts. They will, after all, be closed for three - maybe four - whole days.

Better lay in enough food to last under normal circumstances, until Ash Wednesday.

Of course, it won't last that long. This is because the only people the English find more uncomfortable than strangers are families. In order to survive those two whole days together, English families must always have at least one meal ready, whether it be breakfast, elevenses, lunch, tea, dinner or supper. Sometimes they lose track, and have the same meal twice.

But England likes it just the way it is. George Mikas, the Hungarian-born observer of English life, pointed out that the greatest joy in English life is enduring hardship, and the most gratifying sort of hardship is unnecessary hardship.

Bring on the mulled wine!



Excuse My French

## Vive la chasse de nuit

Brussels is full of married men who think they are single, says Rachel Johnson

It's not a patch on Paris, of course, which is everywhere hung with amusing arrangements of tasteful, white, twinkling lights, but Brussels does Christmas rather well, in a muted way.

You see, the main chocolate-and-present fest here is St Nicholas, in early December, which makes Christmas just another excuse for popping out to a brasserie and eating huge platters of fruits de mer washed down with chilled Pouilly Fumé.

This sensible tradition brings untold advantages to those used to London at this time of year - the mounted policemen around the Furry department at Hamleys, cat-fights over the last pair of devore lion pants in Marks and Spencer, and so on.

The St Nicholas factor not only allows my children to share in the feasts and rituals of another culture, even if this is limited in our case to eating chow chews and large images of the saint in three different sorts of chocolate. It also means that I can do my Christmas shopping in conditions of which Londoners can only dream.

There is no tinned Muzak in the shops. No "Jingle Tills" tones in the papers. I can saunter round the almost empty shops, loading my basket with the usual assortment of socks, hankies and useless stocking fillers in an atmosphere of spooky calm.

Best of all, I have spotted that many stores throw post-St Nicholas, pre-Christmas sales - so even if everyone is getting socks and hankies again, at least they will be designer labels this year, in cashmere and silk.

Meanwhile, the social life has revved up, as it does everywhere else, and there is the usual quota of office parties and expatriate festivities involving nativity plays, carols, mulled wine and mince pies. One night, everyone under 50 went to jiggle around gamely to "I Will Survive" and

"We Are Fa-Mi-Ly" with the three lads in Sir Leon Brittan's cabinet: Simon Fraser (dark, cherubic), Nigel Gardner (dark, not cherubic) and nice, clever Nick Clegg.

And if you're simply too important to be seen in a nightclub dancing around your handbag, there are always the musical soirees at which European Commission high-ups, all sitting crunched together on uncomfortable gilt chairs, look longingly at the bottles of beaunois awaiting the interval on a snowy white tablecloth.

I don't know whether it's the continental custom of kissing each other three times on the cheek, but the Christmas season suggests that Brussels might be a good place to be single. I cannot erase from my mind a striking

passage in Charles Grant's book *The House That Jacques Built* about Jacques Delors, former president of the commission.

Grant is describing the composition of the commission, saying how many officials and temporary staff there are, how many languages they speak on average, and so forth. And then our expert from *The Economist* notes:

"Many of them have spouses or lovers of a different nationality, or both at the same time."

He adds: "Commission officials escape the prying gaze of friends, relations and neighbours when they come to Brussels - which may explain why the institution is something of a *balconisme* (French slang for a place of much dalliance)."

I think Grant may have a point. Brussels is full of *stagettes* for whom life is one long party, and the interpreters' directorate at the parliament is full of attractive female linguists regarded as fair game by men, married, single, and married, but single because wife lives elsewhere.

But it was not until I went to a dinner party in a *gentleman's* (a marvellous detached gentleman's residence in the Petit Tri-

anon style) that I saw what Grant was driving at.

On arrival, my husband and I were given champagne cocktails in the private cinema, and chatted stily for what seemed like hours in our poor French to the various European Union ambassadors and deputy directors-general and their well-coiffed wives.

Finally, we were summoned to the table laid for four courses in the formal dining room with its murals featuring our aristocratic host and his wife - now divorced - hunting in a forest glade. Then we had left-off. By 10pm, laughter was echoing to the rafters, and I could have sworn some guests were playing footsie.

Anyway, around midnight, the evening showed no sign of winding down. In Washington, the

hostess will start ordering her guests orange juice after coffee to show they are outstaying their welcome; in London, people start yawning openly after 11pm and talking about baby-sitters.

Not in Brussels. As the clock chimed midnight, a svelte blonde German called Ulrika in high-heeled boots stood up and began marching around the table, snatching up our placecards as she went. The atmosphere became electric.

My husband and I looked at each other warily - was this the Brussels version of the 1970s "key-party"? If so, what on earth was the *communaire* thing to do?

"And now," announced Ulrika with a glint in her pale blue eyes, "Vive la danse."

Clearly, it was time for the British to invoke the national veto. So we tottered home, wondering what Franco-German ambush had been planned for us, in the soggy December night.

Handwritten note in Arabic script: "هذا من الاموال"